Quilter

Quilter plc Group Solvency and Financial Condition Report 2019

Solvency and Financial Condition Report ("SFCR") overview

The SFCR and the Quantitative Reporting Templates ("QRTs") provide detailed information on the consolidated insurance group when describing the Solvency II balance sheet and regulatory solvency calculations. This report also includes detailed entity-level information on the Group's UK insurance undertaking: Old Mutual Wealth Life & Pensions Limited ("OMWLP").

The structure of this SFCR is aligned with the requirements of the Solvency II rules:

A **Business and performance:** Describes the nature of our business and legal structure as well as how the business performed during the year ended 31 December 2019, with a specific focus on insurance activities.

B **System of governance:** Describes the governance model that has been established at Board level and how this is cascaded to key executive functions within the business. The section also describes the risk management and the system of internal controls.

C **Risk profile:** Describes the risks faced by Quilter plc and subsidiary businesses including underwriting risks, market risks, and credit risk, with specific information provided on the profile of regulatory capital held for insurance businesses.

D **Valuation for solvency purposes:** Describes the consolidation approach and methods used to determine the balance sheet, including the derivation of insurance technical provisions for the consolidated insurance group.

E **Capital management:** Describes the components of available own funds that are eligible to cover regulatory capital requirements and provides further detail on the composition of regulatory capital requirements.

Where relevant, information from the related annual QRTs has been incorporated into the sections above.

Report of the external independent auditor to the Directors of Quilter plc ('the Group') and Old Mutual Wealth Life & Pensions Limited ('the Company') pursuant to Rule 4.1 (2) of the External Audit Part of the PRA Rulebook applicable to Solvency II firms

Report on the Audit of the Relevant Elements of the Group Solvency and Financial Condition Report

Opinion

Except as stated below, we have audited the following documents prepared by the Group and the Company as at 31 December 2019:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Group Solvency and Financial Condition Report as at 31 December 2019, (**'the Narrative Disclosures subject to audit'**); and
- Group templates S.02.01.02, S.23.01.22, S.25.01.22, S.32.01.22 for the Group and Solo templates S.02.01.02, S.12.01.02, S.23.01.01, S.25.01.21, S.28.01.01 for the Company (**'the Templates subject to audit'**).

The Narrative Disclosures subject to audit and the Templates subject to audit are collectively referred to as the **'Relevant Elements of the Group Solvency and Financial Condition Report'**.

We are not required to audit, nor have we audited, and as a consequence do not express an opinion on the Other Information which comprises:

- The 'Business and performance', 'System of governance' and 'Risk profile' sections of the Group Solvency and Financial Condition Report;
- Group templates S.05.01.02 and S.05.02.01;
- Company template S.05.01.02;
- The written acknowledgement by the Directors of their responsibilities, including for the preparation of the Group Solvency and Financial Condition Report (**'the Responsibility Statement'**);
- Information which pertains to an undertaking that is not a Solvency II undertaking and has been prepared in accordance with PRA rules other than those implementing the Solvency II Directive or in accordance with an EU instrument other than the Solvency II regulations (**'the Sectoral Information'**).

To the extent the information subject to audit in the relevant elements of the Group Solvency and Financial Condition Report includes amounts that are totals, sub-totals or calculations derived from the Other Information, we have relied without verification on the Other Information.

In our opinion, the information subject to audit in the Relevant Elements of the Group Solvency and Financial Condition Report of the Group and the Company as at 31 December 2019 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Relevant Elements of the Group Solvency and Financial Condition Report section of our report. We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the Group Solvency and Financial Condition Report in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – special purpose basis of accounting

We draw attention to the 'Valuation for solvency purposes' and 'Capital Management' sections of the Group Solvency and Financial Condition Report, which describe the basis of accounting. The Group Solvency and Financial Condition Report is prepared in compliance with the financial reporting provisions of the PRA Rules and Solvency II regulations, and therefore in accordance with a special purpose financial reporting framework. The Group Solvency and Financial Condition Report is required to be published, and intended users include but are not limited to the Prudential Regulation Authority. As a result, the Group Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Going concern

The Directors have prepared the Group Solvency and Financial Condition Report on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the Group Solvency and Financial Condition Report ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the Group Solvency and Financial Condition Report. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group and Company's business model, including the impact of Covid-19, and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and Company will continue in operation.

Other Information

The Directors are responsible for the Other Information.

Our opinion on the Relevant Elements of the Group Solvency and Financial Condition Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Group Solvency and Financial Condition Report, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Relevant Elements of the Group Solvency and Financial Condition Report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Relevant Elements of the Group Solvency and Financial Condition Report or a material misstatement of the Other Information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Group Solvency and Financial Condition Report

The Directors are responsible for the preparation of the Group Solvency and Financial Condition Report in accordance with the financial reporting provisions of the PRA rules and Solvency II regulations which have been modified by the modifications, and supplemented by the approvals and determinations made by the PRA under section 138A of FSMA, the PRA Rules and Solvency II regulations on which they are based.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Group Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error; assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Relevant Elements of the Group Solvency and Financial Condition Report

It is our responsibility to form an independent opinion as to whether the Relevant Elements of the Group Solvency and Financial Condition Report are prepared, in all material respects, with financial reporting provisions of the PRA Rules and Solvency II regulations on which it they based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

Our objectives are to obtain reasonable assurance about whether the Relevant Elements of the Group Solvency and Financial Condition Report are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making or the judgement of the users taken on the basis of the Relevant Elements of the Group Solvency and Financial Condition Report.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.

Report on Other Legal and Regulatory Requirements

Sectoral Information

In our opinion, in accordance with Rule 4.2 of the External Audit Part of the PRA Rulebook for Solvency II firms, the Sectoral Information has been properly compiled in accordance with the PRA rules and EU instruments relating to that undertaking from information provided by members of the Group and the relevant insurance group undertakings.

Other Information

In accordance with Rule 4.1 (3) of the External Audit Part of the PRA Rulebook for Solvency II firms, we are also required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of the Group and the Company's statutory financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The purpose of our audit work and to whom we owe our responsibilities

This report of the external auditor is made solely to the Group's and Company's directors, as their governing bodies, in accordance with the requirement in Rule 4.1 (2) of the External Audit Part of the PRA Rulebook for Solvency II firms and the terms of our engagement. We acknowledge that the directors are required to submit the report to the PRA, to enable the PRA to verify that an auditor's report has been commissioned by the Group's and Company's directors and issued in accordance with the requirement set out in Rule 4.1 (2) of the External Audit Part of the PRA Rulebook for Solvency II firms and to facilitate the discharge by the PRA of its regulatory functions in respect of the Group and the Company, conferred on the PRA by or under the Financial Services and Markets Act 2000.

Our audit has been undertaken so that we might state to the Group's and Company's directors those matters we are required to state to them in an auditor's report issued pursuant to Rule 4.1 (2) and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Company through their governing bodies, for our audit, for this report, or for the opinions we have formed.

J. M. Mills

Jon Mills

for and on behalf of KPMG LLP
KPMG LLP
15 Canada Square
London
E14 5GL

13 May 2020

Appendix – relevant elements of the Group Solvency and Financial Condition Report that are not subject to audit

Group and Solo standard formula

The relevant elements of the Group Solvency and Financial Condition Report that are not subject to audit comprise:

- The following elements of Group template S.23.01.22
- Rows R0410 to R0440 – Own funds of other financial sectors
- The following elements of Group template S.25.01.22
- Rows R0500 to R0530 – Capital requirement for other financial sectors (Non-insurance capital requirements)
- Elements of the Narrative Disclosures subject to audit identified as 'unaudited'.

Quilter plc Group

Statement of Directors' responsibilities

Financial period ended 31 December 2019

We acknowledge our responsibility for preparing the Group Solvency and Financial Condition Report of Quilter plc in all material respects in accordance with the Prudential Regulation Authority ("PRA") Rulebook and the Solvency II Regulations.

The Board is satisfied that to the best of its knowledge and belief:

- *the SFCR has been properly prepared in all material respects in accordance with the PRA rules and Solvency II Regulations;*
- *throughout the financial year in question, the Group has complied in all material respects with the requirements of the PRA rules and the Solvency II Regulations as applicable to the Group; and*
- *it is reasonable to believe that, at the date of the publication of the SFCR, the Group and its solo insurance undertakings have continued to comply, and will continue to comply in future in all material respects with the requirements of the PRA rules and the Solvency II Regulations as applicable to the Group and its solo insurance undertakings.*

The Solvency and Financial Condition Report was approved by the Board of Directors on 13 May 2020 and signed on its behalf by:

Mark Satchel

Chief Financial Officer

13 May 2020

Contents

Summary

About Quilter

Quilter plc (the "Company"), a public limited company incorporated and domiciled in the United Kingdom ("UK"), together with its subsidiaries (collectively, the "Group") offers investment and wealth management services, life assurance and long-term savings, and financial advice through its subsidiaries and associates primarily in the UK with a presence in a number of cross-border markets.

About this report

This Group SFCR has been prepared in line with the requirements of the Solvency II legislation, to help Quilter's customers and other stakeholders to understand the nature of the business, how the business is managed, and its capital position.

This is a single Group SFCR that incorporates consolidated information at the level of the Group, and company-level information for its UK insurance subsidiary: Old Mutual Wealth Life & Pensions Limited. This report is prepared in accordance with a rulebook modification (Direction reference: 5193092) granted by the Prudential Regulation Authority ("PRA"). The Group has two other insurance subsidiaries: Quilter International Isle of Man Limited and Quilter International Ireland dac. As Quilter International Isle of Man Limited is based in the Isle of Man it is not subject to Solvency II at company level. Quilter International Ireland dac is subject to Solvency II at company level and will continue to publish a solo SFCR on its website: quilterinternational.com.

The Group SFCR for 2018 is available on the Quilter plc website: quilter.com.

Business and performance

Section A of this report contains information on the Group's structure, operations and financial performance during 2019.

Adjusted profit reflects the Directors' view of the underlying performance of the Group and is used for management decision making and internal performance management. Adjusted profit before tax for 2019 (excluding Quilter Life Assurance which was disposed on 31 December 2019) was £182 million[1], 3% higher than the prior year (2018: £176 million), due to higher fee revenue, partially offset by higher costs.

The vast majority of the Group's insurance business is unit-linked. The unit-linked business of the Group has low levels of insurance risk. Section A also contains information on the impact of COVID-19 on the Group's business.

System of governance

The system of governance is the Group's overall framework of policies, standards and practices which is in place to meet the requirements of sound risk-based management. The framework is set out in the Group Governance Manual ("GGM") which is reviewed on an annual basis, or whenever there is a material change in the business which requires a change to the system of governance.

Section B of this document contains further information on Quilter's system of governance, in particular:

- the structure of the system of governance;
- the role of the Quilter Board and information on the Board of Directors;
- the role of committees of the Board;
- Quilter key functions;
- remuneration policies;
- principles used in assessing fitness and propriety of key functions and the Board of Directors;
- overview of the risk management system;
- overview of the internal control system;
- information on the role and independence of the Internal Audit function;
- information on the role of the Actuarial function; and
- information on the Group's outsourcing policy and outsourced services.

[1] Adjusted profit is stated before the reallocation of certain Quilter Life Assurance costs. Please refer to the Annual Report for further details.

Risk profile

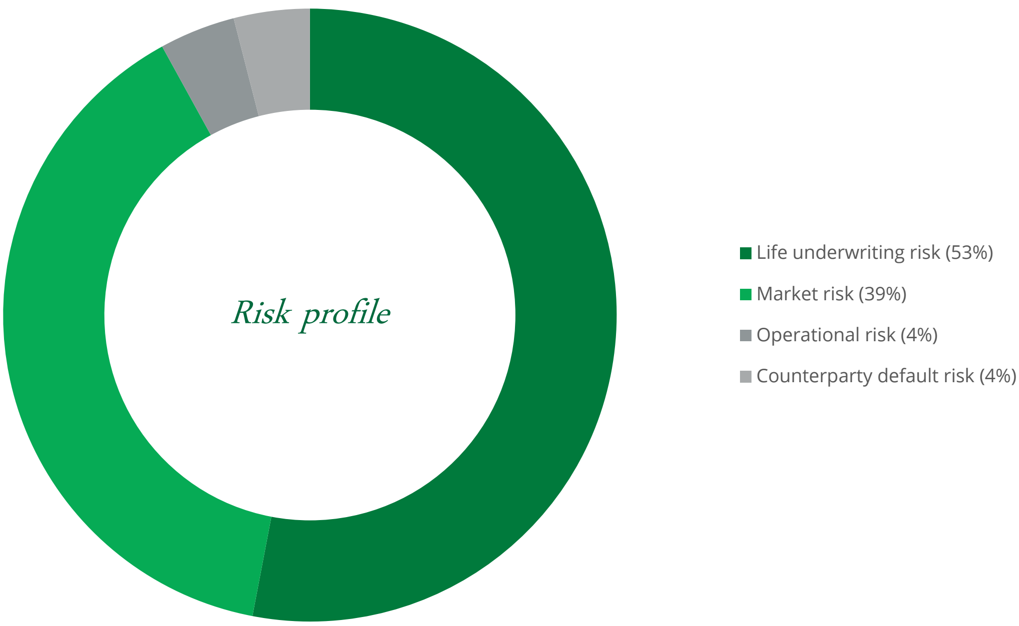
The Quilter Board has carried out a robust assessment of the principal strategic risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity. Strategic risks identified include the Group's on-going change initiatives and advice and investment performance risks specific to QFP and QI respectively. Also, the Group has mobilised a crisis response to identify and implement mitigating actions to limit the operational impacts of COVID-19.

The Group has adopted the Standard Formula specified in Solvency II legislation to assess the capital risks within Quilter. The Group uses the Standard Formula to calculate the Group Solvency Capital Requirement ("SCR"), reflecting the Group's capital risk profile covering underwriting, market, credit and operational risks.

Capital Risk Profile

Based on the Standard Formula, the Group had an SCR of £964 million at 31 December 2019. This figure includes the contribution of the overall Group regulatory capital requirement for the non-insurance entities but excludes Quilter Life Assurance.

The chart below sets out the capital risk components for the Quilter insurance businesses including Quilter International Isle of Man Limited.



Valuation for solvency purposes

Quilter plc uses the accounting consolidation-based method, also called method 1, to prepare the Group Solvency II balance sheet. Method 1 is the default method under the Solvency II rules. There have been no material changes in the valuation methods used by the Group during 2019.

Assets and liabilities, including those relating to insurance contracts, are valued in the Group's Solvency II balance sheet according to the Solvency II Directive and related laws and guidelines. The Solvency II valuation rules are based on the principle that assets and liabilities should be valued at fair value. Fair value is essentially the amount that a knowledgeable and willing third party would be willing to pay in an arm's length transaction. The majority of the Group's assets are valued based on quoted market prices for those assets or other observable data from active markets.

Section D of this report provides further information on methods and assumptions used in the valuation of assets, technical provisions and other liabilities and an explanation of the main differences between the International Financial Reporting Standards ("IFRS") basis of valuation used to prepare the Annual Report and the Solvency II valuation rules.

Capital management

The Group operates a robust capital management framework to ensure the optimisation of the balance between policyholder protection and shareholder expectations. The Group Capital Management Policy is closely linked to risk management objectives. It covers the determination of capital requirements and own funds, capital planning processes, stress and scenario testing and capital monitoring and performance.

At 31 December 2019, the Group had total eligible own funds to meet the solvency capital requirement ("SCR") of £2,132 million (2018: £2,237 million). The Group SCR, which is calculated, based on the Solvency II Standard Formula, was £964 million (2018: £1,178 million). The overall Group surplus position was £1,168 million (2018: £1,059 million), which translates to a solvency coverage ratio of 221% (2018: 190%).

The Group and its regulated subsidiaries complied with applicable regulatory capital requirements throughout 2019.

Following the sale of Quilter Life Assurance, Quilter intends to return the net surplus proceeds of £375 million to shareholders. A share buyback on both the London and Johannesburg Stock Exchange's commenced in March 2020. The Group has also launched an Odd-lot Offer to reduce the number of shareholders at a cost of approximately £30 million. These transactions are expected to reduce Group own funds in 2020.

Since the start of 2020 the COVID-19 pandemic has resulted in falls in global equity markets. The European Insurance and Occupational Pensions Authority ("EIOPA") has published a statement setting out its expectations of those considerations that the boards or insurers should consider when contemplating dividend payments and capital returns to shareholders. In this note, EIOPA recommended that insurance company boards should consider temporarily suspending all discretionary dividend distributions and share buybacks aimed at remunerating shareholders. A similar, but not identical view was also expressed by the PRA "Dear CEO" letter emphasising the need to protect policyholders and maintain safety and soundness when boards consider any distributions to shareholders.

The Group has carefully considered its long-term financial strength including projections of liquidity and solvency under the prolonged market stresses and its ability to withstand such market stresses, giving due consideration to policyholder protection and its internal risk appetite statement. As the Group has taken account of the market impact within all its risk appetite assessments, the Group is able to continue its capital strategy including the Odd-lot Offer, the share buyback programme and the final dividend for the 2019 financial year at the time of publishing this document. The impact of the COVID-19 pandemic and market volatility will be monitored regularly and factored into any future decision with respect to the Group capital plans.

Section A
Business and performance

Section A. Business and performance

A.1 Business

A.1.1 Name and legal form

Quilter plc, a public limited company incorporated and domiciled in England and Wales (No. 06404270) is listed on the London and the Johannesburg Stock Exchanges.

Quilter plc's registered office is Millennium Bridge House, 2 Lambeth Hill, London EC4V 4AJ.

Following the listing of Quilter plc in June 2018, all businesses within the Group are rebranding to align with the Quilter name. For the purpose of the Quilter plc Group Solvency and Financial Condition Report ("SFCR"), all business units have been referenced by their new name. Legal entities have been referred to by their current name as at the date of this report.

A.1.2 Basis of preparation

This Group SFCR covers the year to 31 December 2019.

The Group's reporting currency for both IFRS and Solvency II is pounds sterling. The QRTs in appendix F.2 of this report are presented in £000s. Figures presented in the tables contained within this report may not add up exactly to the totals and subtotals presented due to rounding. Changes in the Group solvency ratio are presented in absolute terms as the ratio at the end of the period less the ratio at the start of the period.

The majority of the financial information in sections A.2, A.3 and A.4 of this report is taken from the Quilter plc 2019 financial statements which are prepared on an IFRS basis. The Group's 2019 IFRS financial statements were approved by the Board of Quilter plc on 11 March 2020 and form part of the Quilter plc 2019 Annual Report.

Adjusted profit ("AP") is an alternative performance measure used in the Quilter plc Annual Report to measure profitability. AP reflects the Directors' view of the underlying performance of the Group. It is used for management decision making and internal performance management. Adjusted profit is an internally defined measure which adjusts the IFRS profit for specific agreed items as set out in note 7(a) to the Quilter plc 2019 Annual Report. Adjusted profit excludes significant costs or income that is non-operating or one-off in nature. A reconciliation of adjusted profit to IFRS profit after tax is presented on page 106 of the Quilter plc 2019 Annual Report.

A.1.3 Supervisory authorities

For Solvency II, the Group's supervisor is the Prudential Regulation Authority ("PRA"). The PRA is part of the Bank of England. The contact details for the PRA are as follows:

Address: 20 Moorgate, London, EC2R 6DA
Telephone number: +44(0)20 3461 4878

The Group is also subject to consolidated supervision by the UK Financial Conduct Authority ("FCA") under the Capital Requirements Directive ("CRD IV"). CRD IV is an EU legislative package covering prudential rules for banks, building societies and investment firms. The Group's CRD IV public disclosures are available on the Group's website (quilter.com). The contact details for the FCA are as follows:

Address: 12 Endeavour Square, London, E20 1JN
Telephone number: +44(0)20 7066 1000

The Group's UK insurance subsidiary Old Mutual Wealth Life & Pensions Limited is regulated by the FCA and the PRA at solo level. Quilter International Ireland dac is supervised by the Central Bank of Ireland.

A.1.4 External auditor

The Group's external auditor is KPMG LLP. The contact details for KPMG LLP are as follows:

Address: 15 Canada Square, London, E14 5GL
Telephone number: +44(0)20 7311 1000

KPMG LLP also acts as the external auditor of Old Mutual Wealth Life & Pensions Limited.

A.1.5 Qualifying holdings in the undertaking

The table below shows the qualifying holdings (10% or above) at 31 December 2019, as disclosed to Quilter plc in accordance with the FCA's Disclosure Guidance and Transparency Rules sourcebook.

Name of shareholder	Number of Quilter shares	% interest in voting rights attaching to issued shares[1]	Nature of holding notified
Coronation Asset Management (Pty) Limited[2]	247,622,893	13.02	Direct holding in Ordinary Shares

[1]The percentage of voting rights detailed above was calculated at the time of the relevant disclosures made in accordance with Rule 5 of Disclosure Guidance and Transparency Rules sourcebook.

[2]Coronation Asset Management (Pty) Limited is a subsidiary of Coronation Fund Managers Ltd, a company incorporated in South Africa and listed on the Johannesburg Stock Exchange ("JSE").

A.1.6 Material lines of business and geographical areas

The Group offers investment and wealth management services, life assurance and long-term savings, and financial advice through its subsidiaries and associates primarily in the UK with a presence in a number of cross-border markets.

The material lines of business of the Group's insurance undertakings and material geographical areas where the Group carried out business during 2019 are detailed below:

Insurance – lines of business
Life: Index-linked and unit-linked
Life: Other
Life: Health SLT - direct business[1]

[1]SLT stands for "Similar to Life Techniques". The Health SLT line of business is for health business contracts deemed to be written on a similar technical basis to life insurance.

Geographical areas
United Kingdom
Isle of Man
Republic of Ireland

A.1.7 Operating segments

The Group's operating segments for IFRS reporting comprise Advice and Wealth Management and Wealth Platforms, which is consistent with how the Group is managed. Head Office includes certain revenues and central costs that are not allocated to the segments.

Segment	Description
Advice and Wealth Management	This segment comprises Quilter Investors, Quilter Cheviot and Quilter Financial Planning, including Quilter Private Client Advisers ("QPCA").
Wealth Platforms	This segment comprises Quilter Wealth Solutions ("QWS"), Quilter Life Assurance and Quilter International cross-border businesses. Quilter Life Assurance was sold on 31 December 2019.
Head office	Head Office comprises the investment return on centrally held assets, central function expenses, such as Group treasury and finance functions, along with central core structural borrowings and certain tax balances in the segmental statement of financial position.

Further information on the Group's segments is contained in note 6(a) to the Quilter plc 2019 Annual Report.

A.1.8 Scope of the Group

A complete list of the undertakings within the scope of the Group is contained in the S.32.01 QRT in Appendix F.2.2.

The scope of the Group for the Group solvency calculation under Solvency II is the same in all material respects as the scope of the Group for the purposes of the Quilter plc consolidated financial statements.

A.1.9 Material related undertakings

Quilter plc is the ultimate holding company of the Group. The principal subsidiaries of Quilter plc at 31 December 2019 are listed below.

Name	Nature of business	Quilter plc's holding[1]
United Kingdom		
Old Mutual Wealth Holdings Limited	Holding company	100%
Old Mutual Wealth UK Holding Limited	Holding company	100%
Old Mutual Wealth Life & Pensions Limited	Life assurance	100%
Old Mutual Wealth Limited	Savings and investments	100%
Quilter Investors Limited	Multi-asset business	100%
Quilter Cheviot Limited	Investment management	100%
Quilter Cheviot Europe Limited	Investment management	100%
Quilter Financial Planning Limited	Financial advice	100%
Quilter Business Services Limited	Management services	100%
Ireland		
Quilter International Ireland dac	Life assurance	100%
Isle of Man		
Quilter International Holdings Limited	Holding company	100%
Quilter International Isle of Man Limited	Life assurance	100%

[1]The percentage held reflects Quilter plc's (direct or indirect) holding in each company's capital and voting rights.

A.1.10 Branches

Branches of insurance undertakings

None of the Group's UK or EEA insurance undertakings have foreign branches. Quilter International Isle of Man Limited has branches in Hong Kong and Singapore.

Branches of investment firms

Quilter Cheviot Limited provides investment management services through a branch in Jersey.

Branches of service companies

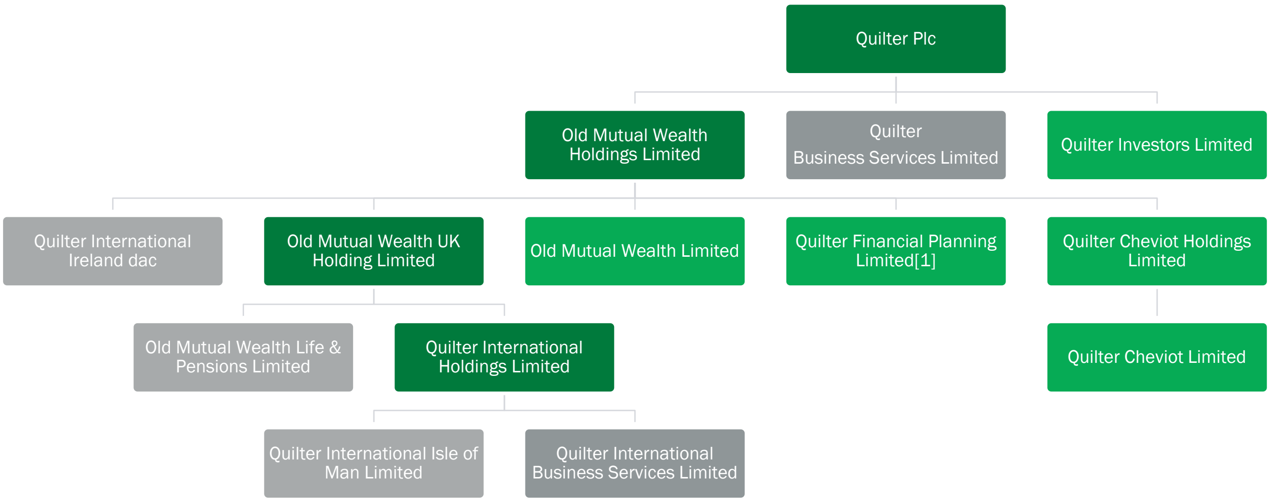
Global Edge Technologies (Pty) Limited is a service company incorporated in South Africa, with a branch in the UK that provides IT support for the Group's Platform business services.

Other branches

The Group has no other material branches.

A.1.11 Simplified group structure

A simplified group structure chart is provided below. The chart shows Quilter plc and its main subsidiaries at 31 December 2019. For each subsidiary company shown the Group's ownership percentage is 100%.



[1] Quilter Financial Planning Limited is the parent company for the Quilter Financial Planning business which includes Quilter Financial Services Limited, Quilter Financial Planning Solutions Limited, Quilter Private Client Advisers Limited, Caerus Capital Group Limited and Lighthouse Advisory Services Limited.

Key

- Insurance holding companies and mixed financial holding companies (UK and Isle of Man)
- Insurance companies (UK, Ireland and Isle of Man)
- Asset management and advisory companies
- Service companies

A.1.12 Significant events during the reporting period

Significant events during the year to 31 December 2019 are summarised below. Further information is contained in the Quilter plc 2019 Annual Report.

Charles Derby Group acquisition

On 14 February 2019, the Group acquired the Charles Derby Group ("CDG") of companies (recently rebranded to "Quilter Financial Advisers"). CDG is a financial planning business based in the UK. The acquisition complements the growth of Quilter Private Client Advisers which serves upper affluent and high net worth customers. CDG has over 200 restricted advisers (as at 31 December 2018), and represents the next stage of Quilter's ambition to broaden out its national advice business.

Lighthouse Group plc acquisition

On 3 April 2019, the Group made a cash offer to acquire the entire share capital (and associated voting rights) of Lighthouse Group plc ("Lighthouse") and the acquisition completed on 12 June 2019. This acquisition helps to position Quilter as the best place for trusted financial advice in the UK, bringing together Quilter's strengths in its new platform with Lighthouse's strength in its customer relationships and partnerships, covering more than 6 million affluent and mass affluent customers in the UK.

Acquisition of adviser businesses by Quilter Financial Planning ("QFP")

During the year, the Group continued the expansion of the Quilter Private Client Advisers ("QPCA") business, with the acquisition of a further seven adviser businesses, including the acquisition of Prescient Financial Intelligence Limited on 20 December 2019. The aggregate estimated consideration payable was £22 million, of which £14 million was cash consideration and up to £8 million in contingent consideration.

Sale of Quilter Life Assurance ("QLA")

On 31 December 2019, the Group completed the sale of the Quilter Life Assurance ("QLA") business (consisting of two of the Group's subsidiary undertakings: Old Mutual Wealth Life Assurance Limited and Old Mutual Wealth Pensions Trustee Limited) to ReAssure Group for total consideration of £446 million. The Group has recognised a profit on the disposal of QLA of £103 million. Provisions established in respect of this disposal are shown in note 27 to the Group's 2019 financial statements. As a result of the disposal of QLA on the 31 December 2019, the Group has recognised £3 million as restructuring costs principally in respect of redundancy costs incurred during the year. The Group expects to incur further restructuring costs during the following two years, including the cost of decommissioning IT systems as the Transitional Service Agreement ("TSA") with the acquirer runs off and the remaining business is restructured following the disposal.

A.1.13 COVID 19

On 11 March 2020, COVID-19 was designated as a global pandemic by the World Health Organisation. On 23 March 2020, the PRA issued a statement advising that the COVID-19 situation is to be considered a "major development" as per Article 54(1) of the Solvency II Directive. Accordingly, this Group SFCR contains an update on the COVID-19 situation.

The health and welfare of our employees and the support we can give to our customers and advisers in these uncertain times will always be our top priorities. COVID-19 has led to major disruption to businesses and economic activity which has resulted in volatility in global stock markets. Indicators of financial market uncertainty have reached extreme levels. The changes in the markets are consistent with a marked deterioration in the outlooks for global and UK growth.

The Group considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on the Group or to provide a quantitative estimate of this impact.

COVID-19 presents operational risks not only to the Group's business as usual activities but also to the delivery of projects including the Platform Transformation Programme ("PTP"). Management has taken appropriate action to mitigate these risks including the implementation of business continuity plans. Further information on the risks resulting from the COVID-19 pandemic is contained in section C.

Quilter remains a strong business with sufficient capital and liquidity. The Group will continue to meet its commitments to customers.

The Group provided the following update on managing through COVID-19 in its First Quarter 2020 Trading Update published on 21 April 2020:

- Approximately 98% of Quilter's staff are now working remotely including over 200 contact centre-based colleagues servicing its UK and International platforms. Contingency plans have been implemented through accelerated delivery of IT and remote telephony solutions. This has allowed Quilter to maintain high client service levels and to support advisers and customers on-line and by telephone. Quilter has no plans to take advantage of any of the government backed support schemes.
- In the latter weeks of the quarter, against a backdrop of high market volatility, transfers out from the Quilter platform to competitor platforms reduced significantly while transfers in remained steady, due to a relatively higher level of business continuity and adviser support. March was the strongest month of the quarter for net flows. Throughout the period Quilter was, and continues to be, open for business.
- The Group has reviewed its financial budgets and operating plans in response to the challenges arising from COVID-19 and an unpredictable operating outlook. Quilter is operationally resilient and remains focussed on completing principal projects including the Platform Transformation Programme and Optimisation plans.
- The Group recognises that lower assets under management and administration ("AuMA") will lead to a materially lower run-rate of revenues and while the Group is undertaking a number of management actions to reduce expenses, it no longer expects to achieve its 27% operating margin target in 2020.
- At end March 2020 the Group held cash of c.£750 million across its holding companies and has an estimated pro forma Group Solvency II ratio of c.210% following planned capital returns. Accordingly, given this strong financial position, the Group intends to continue with the first tranche of the buyback, recommend payment of the 2019 final dividend and to undertake the Odd-lot Offer.

There have been no significant changes to the Group's position or outlook in respect of the impacts of COVID-19 since the Trading Update.

A.2 Underwriting performance

The Group does not offer any general insurance business. The Group's life insurance business is mainly unit-linked with no material life protection business. The only insurance undertaking in the Group during 2019 with significant insurance business other than unit-linked business was Old Mutual Wealth Life Assurance Limited. Old Mutual Wealth Life Assurance Limited is a life insurer based in the United Kingdom that was sold by the Group on 31 December 2019.

The premiums, claims and expenses Group QRTs (S.05.01 and S.05.02) in Appendix F.2 provide further information on key elements of underwriting performance.

A.3 Investment performance

A.3.1 Income and expense arising from investments

The majority of the Group's insurance business is unit-linked. Increases and decreases in the value of assets covering unit-linked liabilities are matched by corresponding changes in the unit-linked liabilities and so there is no first-order impact on profitability. Investment performance has a second-order impact on the profitability of the Group's unit-linked business because higher asset values result in increased income from asset management charges. Similarly lower asset values result in reduced income from asset management charges.

Information about the investment performance of the Group's invested assets, including assets held to cover unit-linked liabilities and shareholder assets is contained in note 8(b) of the Quilter plc 2019 Annual Report.

A.3.2 Gains and losses recognised directly in equity

The majority of the Group's financial assets and liabilities are measured at fair value through profit or loss ("FVTPL") in the Group's IFRS financial statements. Certain items, such as exchange gains on translation of foreign operations are recognised within other comprehensive income (i.e. recognised directly in equity). The following table has been extracted from the consolidated statement of comprehensive income within the Quilter plc 2019 Annual Report.

	31 December 2019 £m	31 December 2018 £m
Other comprehensive income:		
Exchange losses on translation of foreign operations	(1)	–
Items that may be reclassified subsequently to income statement	(1)	–
Measurement movements on defined benefit pension plans	(7)	–
Tax on amounts related to defined benefit pension plans	1	–
Items that will not be reclassified subsequently to income statement	(6)	–
Total other comprehensive income, net of tax	(7)	–

A.3.3 Investments in securitisations

The Group did not invest in securitisations during 2019.

A.4 Performance of other activities

A.4.1 Overview of revenue

The Group is primarily engaged in the following business activities from which it generates revenue: investment and asset management, financial advice (revenue from fee income and other income from service activities), and life assurance (revenue from premium income).

The table below provides an analysis of the Group's total revenue on an IFRS basis and includes revenue related to assets backing unit-linked liabilities. Figures presented below include both continuing and discontinued operations.

	31 December 2019 £m	31 December 2018 £m
Revenue		
Gross earned premiums	146	148
Premiums ceded to reinsurers	(87)	(88)
Net earned premiums	59	60
Fee income and other income from service activities	1,100	1,160
Investment return	8,252	(3,482)
Other income	22	37
Total revenue	**9,433**	**(2,225)**

Further information relating to revenue is contained in note 8 of the Quilter plc 2019 Annual Report.

A.4.2 Overview of expenditure

The Group's total expenses on an IFRS basis for 2019 amounted to a credit of £7,779 million, compared to a charge of £1,703 million for 2018. Total expenses on an IFRS basis include expenses related to policyholder claims and fees paid to external advisers.

The table below provides an analysis of the Group's other operating and administrative expenses on an IFRS basis, as presented within note 9(b) of the Quilter plc 2019 Annual Report.

	31 December 2019 £m	31 December 2018 £m
Other operating and administrative expenses		
Staff costs	399	375
Depreciation charge on right-of-use assets	13	-
Depreciation charge on other plant and equipment	6	8
Operating lease payments	-	16
Amortisation of purchased software	2	5
Amortisation of other acquired intangibles	45	41
Administration and other expenses[1]	275	305
Other operating and administrative expenses - continuing operations	**740**	**750**
Other operating and administrative expenses - discontinued operations	**8**	**102**
Total other operating and administrative expenses	**748**	**852**

Further information on the following categories of expenditure can be found in the notes to the consolidated income statement within the Quilter plc 2019 Annual Report:

- fee and commission expenses and other acquisition costs: note 9(a);
- finance costs: note 9(e);
- staff costs and other employee related costs: note 9(c); and
- taxation: note 10.

A.4.3 Lease arrangements

During 2019, the Group had no individually material lease arrangements.

Quilter as lessor

The Group had no material lease arrangements during 2019 as lessor.

Quilter as lessee

The Group has entered into commercial non-cancellable leases on certain property, plant and equipment where it is not in the best interest of the Group to purchase these assets. Such leases have varying terms, escalation clauses and renewal rights. Notes 14 and 29(b) of the Quilter plc 2019 Annual Report contain further information on lease arrangements.

A.5 Any other information

There is no additional information to disclose for Section A.

Section B
System of governance

Section B. System of governance

Section B.1 of this report covers the following aspects of the Group's system of governance:

- introduction to the Quilter system of governance and the administrative, management or supervisory body ("AMSB");
- the Quilter plc Board;
- delegation by the Quilter plc Board;
- Quilter plc Board Committees;
- management forums, including the Executive Committee ("ExCo");
- business oversight and other regulated business boards;
- segregation of duties and the three lines of defence;
- key functions;
- material changes to the system of governance over the reporting period;
- remuneration policy;
- material transactions with shareholders, with persons who exercise a significant influence on the Group and with members of the AMSB; and
- assessment of the adequacy of the system of governance.

Sections B.2 to B.8 provide information on:

- fit and proper requirements;
- risk management system including the Own Risk and Solvency Assessment ("ORSA");
- internal control system;
- internal audit function;
- actuarial function;
- outsourcing; and
- any other information.

B.1 General information on the system of governance

B.1.1 Introduction to the system of governance and the administrative, management or supervisory body

The system of governance is the overall framework of policies, standards and practices which are in place to meet the requirements of sound risk-based management and applies to Quilter and its subsidiaries. These are set out in the Group Governance Manual which is reviewed on an annual basis, or whenever there is a material change in the business which requires a change to the system of governance.

Quilter's administrative, management or supervisory body is the Quilter plc Board and Board Committees.

B.1.2 The Quilter plc Board

Role and responsibilities of the Quilter plc Board

The Quilter Board is accountable for the long-term success of the Group for the benefit of its shareholders and other stakeholders as a whole and for providing leadership within a framework of effective risk management and control. The Board is responsible for setting strategic priorities and for ensuring that the Group is suitably resourced to achieve those priorities. In doing so, the Board has regard to its responsibilities to the Group's stakeholders, including employees, shareholders, customers, suppliers and the communities in which the Group operates. The Board may exercise all powers conferred on it by Quilter plc's Articles of Association and the Companies Act 2006.

Matters reserved for the Board

The Quilter Board has matters reserved for its decision. The key Board responsibilities include:

- setting strategy and oversight of management;
- structure and capital;
- financial reporting and controls;
- internal controls and risk management;
- material contracts;
- investor relations;
- board membership and other appointments;
- remuneration;
- delegation of authority;
- corporate governance; and
- policies (as set out in the GGM).

Further information is contained in Matters Reserved to the Board which is published on the quilter.com website.

Quilter plc Board Membership

In accordance with the UK Corporate Governance Code ("the Code"), at least half of the members of the Quilter plc Board (excluding the Chair) are Independent Non-executive Directors ("INEDS") who are determined by the Board (and with reference to the Code) to be independent in character and judgement and free from any business, or other relationship, which could materially interfere with the exercise of their judgement. The Board comprises a mix of individuals that ensures an appropriate range of skills, knowledge, views and experience. The Board Corporate Governance and Nominations Committee review this mix of skills and experience and makes recommendations on Board composition as appropriate.

The Board maintains plans for succession to positions on the Board and senior management.

Further information on the roles and responsibilities of individual Board members can be found on pages 38 to 39 of the Quilter plc 2019 Annual Report.

B.1.3 Delegation by the Quilter plc Board

The Quilter plc Board has delegated authority to a number of Board Committees, which assist the Quilter Board in delivering its responsibilities and ensuring that there is appropriate, independent oversight of internal control and risk management.

The Quilter Board has also delegated authority for the operational management of the Group's businesses to the Quilter Chief Executive Officer ("CEO") within certain limits for execution or further delegation by the CEO for the effective day-to-day running and management of the Group. The Quilter CEO has delegated responsibility to certain senior executives (principally business CEOs and other members of the Quilter Executive Committee) again within prescribed limits. Each business CEO has authority and is accountable for the management of that respective business or function to the Quilter CEO and the relevant business oversight board.

Business oversight boards may, in turn, delegate authority to their own subsidiary boards, committees and to individuals provided always that the manner of such delegation is consistent with the provisions of the GGM.

B.1.4 Quilter plc Board Committees

The Quilter plc Board has established the following committees as principal standing committees of the Board. The table below shows the main roles and responsibilities of each and how responsibilities are segregated between the various committees.

Committee	Roles and responsibilities	Membership
Board Audit Committee	The Board Audit Committee oversees the principles, policies and practices adopted in the preparation of the financial statements of the Group and to assess whether the interim financial performance reports and annual financial statements of the Group comply with all statutory requirements. The Board Audit Committee assists the Quilter Board in discharging its responsibilities for the integrity of the Group's financial statements and the effectiveness of the internal controls and overseeing the effectiveness and objectivity of the internal and external auditors.	The membership of the Board Audit Committee comprises a minimum of three "INEDs", one of whom is also to be a member of the Board Risk Committee. The Chair of the Board may not be a member. At least one member shall be determined by the Board to have recent and relevant financial experience as specified in the UK Corporate Governance Code, and shall meet the requirements of having competence in accounting and/or auditing as set out in the Disclosure Guidance and Transparency Rules.
Board Remuneration Committee	The purpose of the Board Remuneration Committee is – to consider and approve the remuneration of the Quilter CEO, the executives in the tier immediately below the Quilter CEO and such other senior executives required by the Committee's Terms of Reference; – to oversee and approve the Quilter remuneration policy and principles, ensuring their ongoing appropriateness and effectiveness for the Quilter businesses; and – to oversee compensation, incentive and benefit practices in accordance with business and risk strategy, policy and regulatory requirements.	The membership of the Board Remuneration Committee comprises a minimum of three "INEDs". The Chair of the Board may be a member as long as they were deemed to be independent on appointment.
Board Risk Committee	The primary purpose of the Board Risk Committee is to reinforce a strong risk culture by overseeing, on behalf of the Quilter Board, management's recommendations on risk, in particular in relation to the structure and implementation of Quilter's risk framework, including the quality and effectiveness of the internal controls, risk appetite limits, risk profile and capital management processes. The Board Risk Committee also oversees the Group Own Risk and Solvency Assessment ("ORSA") and Internal Capital Adequacy Assessment Process ("ICAAP").	The membership of the Board Risk Committee comprises a minimum of three "INEDs", at least one of whom must have recent and relevant risk experience. There is some cross-membership between the Board Risk Committee and Board Audit Committee, with typically, the Chair of one of the committees serving as a member of the other. This cross-membership facilitates an effective linkage between both Committees, ensuring that any risk assurance relevant to financial reporting is referred to the Board Risk Committee.
Board Corporate Governance and Nominations Committee	The purpose of the Board Corporate Governance and Nominations Committee is to assist the Board in ensuring that it maintains the appropriate balance of skills, knowledge and diversity to support the Group's strategic objectives, has a formal, rigorous and transparent appointment and re-election process and is maintaining an effective framework for succession planning. The Committee also reviews the Board and Quilter governance arrangements and makes recommendations to the Board and exercises oversight of Quilter's Responsible Business Agenda.	Membership of the Committee is restricted to the "INEDs". The Committee Chair should be either the Chair of the Quilter Board or an "INED".
Board Technology and Operations Committee	The purpose of the Board Technology and Operations Committee is to provide oversight over the Group's technology and operations strategy to ensure it supports the Group's strategy and meets the changing needs of our businesses. The committee also has oversight over technology and operations risk profile, operational resilience and strategic technology and operational change programmes. The committee makes recommendations to the board as appropriate.	Membership of the Committee is restricted to the "INEDs" with a minimum of three members.

B.1.5 Management forums, including the Executive Committee

Management forums

Quilter has a number of management forums which are established by the Quilter CEO and the CEO's direct reports. The delegated authority of management forums is derived from the Chair of the forum acting under the authority delegated to them by the CEO and is documented within the relevant terms of reference. This is distinct from a Board Committee, which has its authority delegated to it by the Board. The authority under which each management forum operates is documented. Even where decisions are taken collectively in a management forum the individual forum members retain personal accountability for their own contribution.

Listed below are some of the key pan-Quilter management forums, most notably the Executive Committee.

Group Executive Committee ("ExCo")

The Executive Committee supports the Quilter CEO in discharging the CEO's responsibilities for the management of the Group and, as at 31 December 2019, was comprised of the following:

- Chief Executive Officer;
- Chief Financial Officer;
- Chief Executive Officers of each of the Businesses;
- Chief Operating Officer;
- Chief Risk Officer;
- HR Director;
- Chief Marketing Officer; and
- Corporate Affairs Director.

On 30 January 2020, certain changes to the membership of the Executive Committee were made and the membership going forward is set out in Quilter plc's Annual Report on pages 40 to 41.

Other pan-Quilter management forums

Other key Quilter management forums are listed below:

- Operating Committee;
- Executive Risk Forum;
- Responsible Business Forum;
- Disclosure Committee; and
- Capital Management Forum.

B.1.6 Business oversight and other regulated Business Boards

To support the directors of Quilter plc in discharging their obligations, the directors place reliance on the governing entities or oversight boards for each underlying Business ("Business Oversight Boards") to provide effective oversight and challenge in respect of risk management and business performance against the Quilter annual business plan. The subsidiary governance framework requires strong linkages between the Quilter Board and its subsidiary Boards and sets out other requirements such as the level of independent representation and board composition. One Non-executive Director from the Quilter Board sits on each of the major subsidiary Boards, to encourage communication between the Group and its subsidiaries. This additional governance provides comfort that all our businesses are governed to a consistently high standard and supplements the work of the Quilter Board.

B.1.7 Segregation of duties and the three lines of defence

The Quilter governance model is designed to promote transparency, accountability and consistency through the clear identification of roles, the separation of business management and governance and control structures, and by tracking performance against accountabilities. The segregation of risk taking, oversight and assurance is codified in Quilter's three lines of defence model which ensures clear accountability and ownership for risk and controls.

The responsibilities of each line of defence are set out below:

First line of defence	Second line of defence	Third line of defence
Risk origination, ownership and management – business operations The primary responsibility for risk management lies with business management and all employees, who are responsible for managing risk as part of their day-to-day activities. They are responsible for identifying and evaluating the significant risks to the business, for designing and operating suitable controls and reporting risks and issues that arise in their areas.	**Risk oversight, challenge and advice – Risk and Compliance functions** The second line responsibilities are to provide risk frameworks and advice to the business. Risk's role also includes reviewing and challenging the business on how well the frameworks, standards and regulatory requirements have been implemented and providing additional insights on the main risks being run, the controls around these and the capital held.	**Assurance – Internal Audit** The third line responsibilities owned by Internal Audit ("IA") are to provide independent, objective assurance. The scope of IA's activities encompass the examination and evaluation of the design adequacy and operating effectiveness of Quilter's system of internal controls and associated risk management processes.
Includes: 1. Set Risk Management Strategy. 2. Set and deliver tone at the top. 3. Implementation and ownership of policies. 4. Implement and monitor risk appetite and risk limits. 5. Ongoing management of risks. 6. Implement compliant and risk-aware operating practices. 7. Conduct performance management.	Includes: 1. Deliver a clear and well-communicated, business-wide risk management framework. 2. Provide control and monitoring systems. 3. Produce second line opinions on key risks facing Quilter for stakeholders. 4. Support adherence to regulation and legislation. 5. Provide advice to the business. 6. Escalate material issues/risks.	Includes: 1. Internal governance structures and processes. 2. The setting of and adherence to risk appetite. 3. The risk and control culture of the organisation. 4. The integrity of dealings with customers, interactions with relevant markets. 5. Key corporate events including the information being used to support key decisions. 6. Lessons learned analysis following significant adverse events.
Accountable: 1. CEO/CFO/COO. 2. Executive Management. 3. All employees.	Accountable: 1. CRO. 2. Risk Leadership Team. 3. Risk Function.	Accountable: 1. Chief Internal Auditor. 2. Internal Audit Team.

B.1.8 Key functions

For the purposes of the Solvency II Directive, the mandatory key functions for the Solvency II firms within the Group include Actuarial, Risk Management, Compliance and Internal Audit. Quilter has established these functions at a Group level. Details of the roles and responsibilities of these key functions are provided in sections B.3.2, B.4.2, B.5.1 and B.6 of this report.

The mandatory key functions within the Group have the appropriate authority, resources and independence to undertake their roles and responsibilities. The head of Risk Management reports to the Chair of the Board Risk Committee and the Head of Internal Audit reports to the Chair of the Board Audit Committee. The plans and resources for these functions are presented and approved by the Board Audit Committee and the Board Risk Committee. This is set out in the respective Committee Terms of Reference.

B.1.9 Material changes to the system of governance over the reporting period

Creation of the Operating Committee

During the year, the Group CEO reviewed the management governance structure and, as a result of this, redesigned the Executive Committee and formed a Quilter-wide Operating Committee ("OpCo"), led by the Chief Operating Officer ("COO"). The role of the Quilter Operating Committee is principally to develop, approve and oversee the delivery of strategies relating to information technology, information security, data management, enterprise change governance and delivery, procurement and third party management, security and property, and the operations of the Group.

Changes to Board Committees

Following a review of the roles of the Quilter Board Committees, and in recognition of the Group's desire to be a modern wealth manager, in September 2019 the Board agreed that the Board IT Committee expand its remit to formally include Operations, with the oversight of Operational Risk remaining within the Board Risk Committee's remit. The Terms of Reference can be found at quilter.com/corporategovernance.

Employee engagement

In accordance with the 2018 UK Corporate Governance Code, Cathy Turner, an Independent Non-executive Director, agreed to act as the voice of the employees in the Boardroom. A description of the activity Cathy has undertaken is set out in the Corporate Governance Report which forms part of the 2019 Quilter plc Annual Report.

Senior Managers and Certification Regime

In December 2019, the Senior Managers and Certification Regime ("SMCR") was extended to apply to Executive and Non-executive Directors who are subject to regulatory approval or notification of all UK regulated entities. Prior to this, the regime applied only to the UK insurers within the Group.

Certain Quilter plc Group Executives are also designated as Senior Manager Functions ("SMF") under SMCR by virtue of the roles and influence they have over regulated subsidiaries. In addition, Group Executive and Non-executive Directors who have significant influence over the regulated activities of a regulated business are subject to the regime. Under the SMCR, firms must allocate certain prescribed responsibilities across those individuals who are deemed to be effectively running the firm, together with confirming firm specific responsibilities they hold. SMCR also introduces the concept of certified staff – those individuals who are not designated SMFs, but are in roles that could cause significant harm to the firm or its customers.

Authorised firms are required to ensure that individuals seeking to perform one or more of the FCA and PRA designated Senior Manager Functions obtain PRA or FCA approval prior to taking up their position. Non-approval prior to taking up the role may lead to enforcement action against the firm and/or the individual.

Quilter has identified the following groups of individuals as those who are effectively running the Group:

- Members of the Quilter Board carrying out a defined SMF role or who are responsible for a designated key function;
- Members of the Quilter Executive Committee who are responsible for a key function or defined regulated activity (this will be replicated across the respective business units); and
- Members of Business Oversight and other regulated Business Boards.

Appointment of External Auditor

The Quilter Board, on the recommendation of the Audit Tender Sub Committee, chaired by Rosie Harris, appointed PricewaterhouseCoopers LLP ("PwC") as our external auditors from 1 January 2020. A resolution for the appointment of PwC as auditors will be submitted for shareholder approval at our 2020 AGM. Further detail about the tender process can be found in the Governance report on page 57 of the Quilter plc 2019 Annual Report.

B.1.10 Remuneration policy

Introduction

The Quilter governance framework includes a Remuneration Policy that all subsidiaries within the Group are required to comply with. The policy has been designed to discourage risk taking outside of the Group's risk appetite, to be supportive to the Group's strategy, objectives and values and to align the interests of employees, shareholders and customers.

The policy is overseen across the Group by the Quilter Remuneration Committee ("RemCo").

The RemCo is a committee of the Quilter Board and consists of Non-executive Directors of Quilter, which enables it to exercise independent competent judgement in remuneration matters in the context of managing risk, value and capital in line with shareholders' expectations. This includes the remuneration process, structure and operation which are actively monitored as an integral part of their oversight. The RemCo met seven times during 2019.

Full details on the Group's remuneration policy are shown on pages 64 to 85 of the Quilter plc 2019 Annual Report.

Determining the bonus pool for variable pay awards

The way that the Quilter bonus pool is determined ensures that the outcome is aligned to specific, measurable and relevant business results in a transparent manner with full consideration of the risk performance of the business.

The main pool structure is designed to share a portion of the value created with employees. It is funded based on performance against IFRS profit targets (excluding amortisation of intangibles and goodwill, and policyholder tax charges or credits) derived from the Company's business plan and approved by the RemCo. Members of senior management are also subject to additional risk, customer and personal metrics that comprise an overall balanced scorecard used to determine final incentive outcomes.

The RemCo may exercise its judgement and discretion to apply a risk-based adjustment to the pool and/or individual outcome based on the effectiveness of risk culture and the risk management performance of the business. To inform the RemCo in discharging its responsibilities in this respect, an independent risk report covering both quantitative and qualitative risk measures is prepared by the Chief Risk Officer and considered by the Quilter Board Risk Committee and the RemCo.

Final senior management outcomes and the broader pool allocations are determined based on a bottom up/target framework and reflect relative business performance where appropriate. Each business and function distributes their final allocation to employees based on relative employee performance against a balanced set of individual objectives and behaviours.

Share-related awards

Share-related awards are subject to malus and clawback provisions, which may be applied if, in the opinion of the RemCo, any of the following circumstances apply:

- the results or accounts or consolidated accounts of any company, business or undertaking in which the participant worked or works or for which he was or is directly or indirectly responsible are found to have been materially incorrect or misleading;
- any company, business or undertaking in which the participant worked or works or for which he was or is directly or indirectly responsible subsequently makes a loss out of business written, due in whole or in part, to a failure to observe risk management policies in effect at that time;
- the participant has committed an act of gross misconduct or it is discovered that the participant's employment could have been summarily terminated;
- the participant has acted in a way which has damaged, or is likely to damage, the reputation of the company or any Group member, or has brought, or is likely to bring, the company or any Group member into disrepute in any way;
- any other circumstances similar in nature to those described above which the RemCo justifies the application of malus; or
- in the reasonable opinion of the RemCo, the participant should not have received or be entitled to receive an award.

Share Plan rules require that awards may not be hedged in any manner (such as by the participant ceding or assigning rights to a third party). The exit conditions applied to share awards are determined by the share award scheme rules.

Supplementary pension and early retirement schemes available to Executive Directors

Executive Directors are eligible to receive employer contributions to the Company's pension plan (which is a defined contribution plan) or a cash allowance in lieu of pension benefits, or a combination. Contributions and/or cash alternative are paid monthly to a maximum of 10% of base salary per annum. This is in line with the wider UK workforce.

B.1.11 Material transactions with shareholders, with persons who exercise significant influence over the Group and with members of the AMSB

In the normal course of business, the Group enters into transactions with related parties. These are conducted on an arm's length basis and are not material to the Group's results. There were no transactions with related parties during the current and prior year which had a material effect on the results or financial position of the Group. The nature of the related party transactions of the Group has not changed over the course of the year.

Further details of transactions with related parties including key management personnel during the year can be found in note 38 of Quilter plc's 2019 Annual Report. Information on dividends paid by Quilter plc to its shareholders can be found on page 148 of the Quilter plc Annual Report.

B.1.12 Assessment of adequacy of the system of governance

The Quilter plc Board is responsible for establishing and maintaining Quilter's system of governance, and for ensuring that it remains adequate for the purpose of embedding sound risk-based management throughout the business.

To ensure there is clarity in both the roles we expect our Directors to discharge and the behaviours we expect them to exemplify, we have adopted a Board Charter that is available at quilter.com. Board effectiveness is assessed annually.

The Board supplements its ongoing review of the effectiveness of risk management and internal control systems with an annual assessment of the Group. The Quilter CEO is required to make a declaration that the effectiveness of risk management and internal control systems within the Group is adequate and provides reasonable assurance that:

- significant risks were appropriately managed;
- management and financial information was reliable;
- relevant laws and regulations have been complied with; and
- assets were safeguarded.

The Quilter CEO's assessment of the effectiveness of risk management and internal control systems is in line with the guidance set out by the Financial Reporting Council[1] and is specifically based on:

- an assessment of compliance with the Quilter suite of policies and Quilter Code of Conduct;[2]
- the Group's performance against the strategic risk appetite principles and principal risks, which is evidenced through ongoing risk reporting to the Executive Risk Forum and Quilter Board Risk Committee;
- a review of material internal control deficiencies identified through assurance activity; and
- an assessment of the Group's risk culture evidenced by the biannual risk culture assessments.

To support this assessment, the following representations to the Quilter CEO are required:

- representation from the Chief Risk Officer regarding an assessment of the effectiveness of risk management;
- representation from the Chief Financial Officer regarding an assessment of the effectiveness of financial reporting controls;
- representation from the Chief Internal Auditor regarding an assessment of the governance, risk and control framework; and
- representations from the business Chief Executive Officers regarding the effectiveness of risk management and internal control systems within the subsidiary businesses that comprise the Group.

The Quilter plc Board is satisfied that a robust governance structure is in place, which is compliant with the UK Corporate Governance Code 2018 and is fit for purpose.

[1] Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, September 2014.

[2] At year end 2019, a partial waiver was in place across the entire Quilter Policy Suite for Quilter Financial Planning in respect of Charles Derby and Lighthouse acquisitions. For both of these acquisitions, integration plans are being worked through to ensure they achieve policy compliance during 2020.

B.2 Fit and proper requirements

The Fit and Proper Policy outlines the Group's overarching principles for assessing fitness and propriety. Compliance against the Fit and Proper Policy is assessed through the annual Letter of Representation process. The fit and proper requirements set out in this report refer to the requirements applied both to key functions and to members of the Board of Directors.

B.2.1 Overview

Quilter's approach to implementing and embedding processes and procedures to ensure fitness and propriety is described below.

A framework exists for ensuring compliance with the Fit and Proper policy, which is designed to help ensure that individuals are fit and proper both on recruitment and subsequently. This includes, but is not limited to, policies, standards and codes for personnel security, business conduct, conflicts of interest, anti-bribery and corruption, fraud prevention, information security and physical security.

The roles which are control functions (subject to regulatory approval), and those which fall within the definition of key functions are identified and an assessment is performed to determine that each person in such a role fulfils the following requirements:

- their professional qualifications, knowledge and experience are adequate to enable sound and prudent management (fit); and
- they are of good repute and integrity, have sufficient time to perform the role and are financially sound (proper).

B.2.2 Determining an individual's fitness and propriety

The approach taken to assess an individual's fitness and propriety is as follows:

- the selection process is designed to be robust and enable a rigorous assessment of the individual's professional competence, both managerial and technical, relative to the role;
- where appropriate, formal independent assessment tools are used;
- background checks are performed on all individuals being employed or engaged in services prior to their employment/engagement being confirmed;
- the minimum background checks required for all roles are the lesser of three years' (six years for regulated roles) or all employment history, validation of educational and professional qualifications disclosed, financial soundness and criminal records. Additional background checks are considered depending on the level of risk associated with the role. The checks used have been established by the Compliance function and are proportionate to the role and the level of potential risk the role may present;
- further or updated background checks (excluding employment history) are made where an individual is promoted or transferred into a key function role;
- when reviewing the information gathered, consideration is given to the risks associated with the role in question and the wider risks for the business; and
- ongoing annual assessments of fitness and propriety are performed for relevant individuals.

B.3 Risk management system including own risk and solvency assessment

B.3.1 Own risk and solvency assessment ("ORSA")

An ORSA is performed for the Group and also for the solo Solvency II regulated insurance entities (Old Mutual Wealth Life & Pensions Limited, Quilter International Ireland dac and during 2019, Old Mutual Wealth Life Assurance Limited).

The ORSA process is carried out continually and is designed to enable management:

- to understand and manage the key risks to the business;
- to ensure sufficient capital and liquidity is held in order to remain within risk appetite in respect of these risks; and
- to make informed strategic decisions in response to these risks.

The assessments are used to identify the level of capital and liquidity that should be retained by stressing each material risk and considering risk interactions and dependencies. The assessments also consider the approach used to manage risks which are not covered by capital or liquidity.

The ORSA is defined as a set of underlying risk and capital management processes. These processes include:

- defining and monitoring adherence to the risk appetite framework;
- assessing, monitoring and reporting of the material risks to the achievement of the business plan;
- assessing the effectiveness of governance and risk management processes;
- determining own solvency needs, including assessment of the appropriateness of the regulatory Standard Formula, stress and scenario testing and identification of management actions to manage capital and liquidity adequacy; and
- reporting of the conclusions of ORSA processes.

Whilst these risk management processes are ongoing throughout the year, an annual ORSA Report is produced which provides an overall assessment of the current and future risk profile of the business, and demonstrates the relationship between business strategy, risk appetite, risk profile and solvency needs.

The COVID-19 pandemic, together with the resulting impacts on global equity markets in 2020, has a material impact on the business strategy, capital position and risk profile of the Group, and as such is an ad hoc ORSA trigger event for the Group. In response to this trigger event, ad hoc risk and capital assessments have been performed in early 2020. These include assessment of risk and issue management, scenario testing, review of capital and liquidity risk appetite and review of management actions. Given the evolving and uncertain nature of these events, this approach will continue, providing timely reporting to the Board and senior management in order to manage the risk and capital profile of the Group.

The ORSA is owned by the Quilter Board. The Board exercises oversight through a number of governance and management committees, through the process of review and challenge throughout the year and by approving the annual ORSA Report.

B.3.2 Risk Management function

The role and responsibilities of the Risk Management function are as follows:

- deliver a clear and well-communicated, business-wide Enterprise Risk Management Framework;
- provide control and monitoring systems;
- produce second line opinions on key risks facing Quilter for stakeholders;
- support adherence to regulation and legislation;
- provide advice to the business; and
- escalate material issues and risks.

B.3.3 Risk management system overview

Quilter defines risk as the uncertainty that the Group faces in successfully delivering upon its strategies and objectives. This includes material internal and external events, acts or omissions that have the potential to threaten the success and survival of Quilter, or the interests of other stakeholders including customers, shareholders, employees and regulators.

Active and effective risk management is at the core of Quilter's business, and is regarded as a key competence by all of Quilter's stakeholders.

The Enterprise Risk Management Policy sets out the minimum standards in relation to implementing and maintaining an adequate and effective Enterprise Risk Management Framework, which applies across the Group.

The Enterprise Risk Management Framework encompasses a number of elements, including:

- the corporate governance arrangements which set out the way Quilter is structured and managed;
- the end-to-end processes involved in the identification, assessment, measurement, management, monitoring and reporting of risk; and
- the culture and behaviour that is exhibited and the associated reward mechanisms.

Group Enterprise Risk Management Framework ("ERM")

The ERM framework drives consistency across the entire Quilter business and aims to align strategy, capital, processes, people, technology and knowledge in order to evaluate and manage business opportunities, uncertainties and threats in a structured and disciplined manner. In this way, Quilter seeks to ensure that risk and capital implications are considered when making strategic and operational decisions and to ensure that Quilter's risk profile is understood and managed on a continuous basis within the approved risk appetite.

The core elements of the Group ERM framework are illustrated below:

B.3.4 Risk governance and policies

The Quilter Board bears ultimate responsibility for risk management, including setting risk appetite and approving policies across Quilter. Their responsibility is to ensure the proper functioning of Quilter's risk management activities and set the 'tone at the top' with respect to risk management.

The GGM and Quilter policy suite form an integral part of Quilter's governance and ERM framework, ensuring an appropriate system of risk management and internal control.

The purpose of the Quilter policy suite is to establish principles for the oversight and management of key risks and processes within the Group, with clear ownerships, responsibilities and minimum requirements for the management of risks including the Group's attitude (or preference) towards the risk and risk appetite.

B.3.5 Risk strategy and risk appetite

Risk appetite is the amount of risk Quilter is willing to take on in the pursuit of its strategic priorities and is defined by the Quilter Board. Culturally, this sets the tone regarding the Group's attitude towards risk taking. Risk appetite also plays a central role in informing decision making across the Group protecting and enhancing the return on capital invested.

Risk appetites are developed for material risks to which the Group is exposed through qualitative and quantitative risk appetite statements and measures. This approach is applied consistently across the Group at strategic, tactical and operational levels.

Risk strategy

To support the strategic decision making process, Quilter applies risk preferences which provide guidelines for striking the appropriate balance of risk and reward when setting its business strategy. These risk preferences are aligned to Quilter's strategic priorities and are designed to support the delivery of Quilter's strategy.

Strategic Risk Appetite Principles

A set of Strategic Risk Appetite Principles ("SRAP") has been set by the Quilter Board. These principles, set out below, provide the top-of-the-house guidance on our attitude toward key areas of risk for the Group and support the ongoing management and oversight of risk.

Customer	Liquidity	Capital	Control Environment
"The Group will ensure fair customer outcomes"	"The Group will ensure that it has sufficient liquidity to meet its financial and funding obligations"	"The Group will hold or have access to sufficient capital to maintain own capital needs"	"The Group will at all times operate a robust control environment"

The Group's position against these principles is measured on a regular basis. These principles are communicated and applied to all businesses and functions through a series of more granular risk appetite measures.

Risk culture

An important element of risk management is a risk-aware culture and risk-informed decision making. Quilter links risk management to employee performance and development, as well as to its remuneration and reward schemes. An open and transparent working environment which encourages all employees to embrace risk management is critical to the achievement of the Group's strategic priorities.

B.3.6 Risk identification, measurement and assessment

Risks to the delivery of Quilter's strategy and the business plan are identified through the annual strategy development and business planning processes.

Risks to business processes are identified through the biannual Risk and Control Self-assessments by first line management. These assessments allow the business to understand its exposure to operational risks arising from key business processes, systems and products. Where controls are considered to be inadequate or ineffective, management actions are agreed to improve the level of control and to manage those risks appropriately.

B.3.7 Risk management and monitoring

Risks are owned and managed on a day-to-day basis by first line risk owners. The second line Risk function provides oversight and challenge to support the first line in managing risks.

Risk mitigation strategy planning is performed for some risks to ensure that risk mitigation plans are effective. An example of risk mitigation planning is the development of business continuity plans, which are defined at a functional level.

Corporate insurance is in place to mitigate some high impact, low frequency risks.

Quilter is a long-term business and as such monitors emerging risks which are less certain in terms of timescales and impact. The emerging risk profile is subject to regular review by management committees and the Quilter Board. The identification of these risks contributes to Quilter's stress and scenario testing, which feeds into its strategic planning process and informs its capital calculations.

B.3.8 Scenario testing and modelling

Scenario testing is performed to assess the impact of plausible but severe events and to support management in developing plans to manage such events. The outcomes and management actions identified through our scenario processes are actively used in business planning and in managing the business through extreme events including, for example, in assessing and implementing actions in response to the COVID-19 pandemic.

The scenario framework focusses on considering scenarios under the following headings:

- macro-economic scenarios (the key focus area is the Group's ability to withstand such events and our exposure relative to our peers);
- sectoral risks (i.e. risks which could affect all, or a subset of firms in the financial services industry, such as tax, regulatory or political changes);
- specific threats (i.e. risks which could cause a specific threat to Quilter but would not impact peer firms to the same extent); and
- reverse stress testing (i.e. threats which could cause the business model to become unviable).

In addition, operational risk scenario testing is performed to assess potential plausible but extreme operational losses.

B.3.9 Risk reporting and escalation

Risk reporting is provided to the Quilter Board Risk Committee at least on a quarterly basis and to senior management on a more regular basis. Regular monitoring and reporting of risks enables continuous review and challenge of risks and mitigating actions.

Risk events with a financial impact in excess of a defined threshold or events that could have a significant non-financial impact, such as impacts on customers and regulatory breaches, are recorded by the function within which the risk event arose. First line management escalates risk events in line with a risk event escalation protocol, which is defined by the Risk function. Risk events remain open until management actions to manage the impacts or address the events have been performed.

B.4 Internal control system

Quilter's system of internal control has a key role in the management of risks that are significant to the fulfilment of its business objectives.

The GGM supports the Quilter Board in fulfilling its internal control obligations by demonstrating the existence of, and compliance with, internal policies and other control mechanisms such as approvals processes.

B.4.1 Principles of internal control

Quilter's principles of internal control are:

- clearly defined delegated authorities – the Group is managed in accordance with the authorities delegated by the Quilter Board;
- lines of responsibility – each business and function has clearly defined lines of responsibility and delegated authority;
- robust recording and reporting – transactions are appropriately recorded to permit the preparation and reporting of reliable financial statements;
- financial reporting control procedures and systems – the internal control system includes control procedures and systems which are regularly reviewed;
- protection of assets – the Group's assets are appropriately safeguarded;
- financial crime – financial crime is prevented or detected; and
- risk management – the risks to which the Group is exposed are identified and managed.

The implementation and maintenance of the internal control system in each business is the responsibility of senior management within the business. At Group level, this responsibility rests with the Quilter Chief Executive Officer and the Group function Executives.

B.4.2 Compliance function

The role and responsibilities of the Compliance function are as follows:

- to provide advice to the Board and to the first line of defence on compliance with laws and regulations;
- to provide advice to the Board and to the first line of defence on changes to laws and regulations and their potential impacts on Quilter;
- to monitor the adequacy and effectiveness of controls relating to regulatory compliance activities;
- to gain approval for the compliance plan, including monitoring activities, in full on an annual basis from the Quilter Board Risk Committee, and to gain approval for any subsequent recommended changes to that plan; and
- to provide regular reporting to the Quilter Board Risk Committee on the outcome of compliance monitoring reviews, in line with the compliance annual plan.

B.5 Internal Audit function

B.5.1 Implementation of the Internal Audit function

Group Internal Audit ("GIA") supports the Board and Executive Management of Quilter in providing independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. It helps Quilter accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes. The scope of GIA's activities extends to all businesses owned, controlled and governed by Quilter, including any joint ventures, in all jurisdictions.

GIA, with strict accountability for confidentiality and safeguarding records and information, consistent with General Data Protection Regulation ("GDPR") requirements, is authorised full, free and unrestricted access to any and all of the organisation's records, physical properties and personnel pertinent to carrying out an engagement. All employees are required to assist GIA in fulfilling its roles and responsibilities.

GIA is responsible for determining the audit universe and performing its own assessment of risks to determine the risk-based audit plan.

B.5.2 Independence of the Internal Audit function

GIA receives its authority from the Quilter Board Audit Committee, which is a committee of the Quilter plc Board established to, among other things

- review and approve the Group Internal Audit Charter;
- review and approve the annual audit plan and subsequent material revisions;
- review the output of audit work; and
- evaluate the adequacy and effectiveness of the Group's financial, operating, compliance, and risk management controls.

To provide for the independence of GIA, the Chief Internal Auditor is accountable to the Quilter Board Audit Committee Chair, reports administratively to the Quilter Chief Financial Officer and has access to the Chairman of the Quilter Board. Financial independence is provided by the Quilter Audit Committee approving a budget to allow GIA to meet the requirements of the Charter. GIA is functionally independent from the activities audited and the day-to-day internal control processes of the organisation. Where consulting services are delivered, GIA will manage any perceived or actual conflict of interest.

B.6 Actuarial function

The Actuarial Function performs a second line of defence role, ensuring that the methodologies, models and assumptions used in the assessment of technical provisions and capital requirements are robust and applied consistently and in proportion to the nature, scale and complexity of the Group and the solo insurance entities. The Group Chief Actuary performs the Actuarial function role for the Group and for each of the solo insurance entities within the Group.

Responsibilities of the Actuarial function include:

- ensuring that methodologies and models for the valuation of technical provisions and capital requirements are appropriate;
- overseeing the sufficiency and quality of data used in the valuation of technical provisions and capital requirements;
- reviewing and challenging experience analysis in respect of risk factors and proposed best estimate assumptions;
- reviewing and challenging the valuation of technical provisions including application of approximations;
- reviewing and challenging Solvency Capital Requirement and Minimum Capital Requirement results; and
- expressing an opinion on the overall underwriting policy and the adequacy of reinsurance arrangements.

B.7 Outsourcing

B.7.1 Outsourcing policy

The Third Party Risk Management Policy and Standards suite defines the framework that Quilter and all of its subsidiaries must use to manage and monitor all outsourced services. This document suite addresses, through a series of mandated requirements, the risks inherent in the selection, transition to, and use of third parties in all outsourced activities. These documents have a specific focus on the outsourcing arrangements that are considered to be 'Material', 'Critical' or 'Important'. These arrangements have the potential to materially impact Quilter's operations, its services, its ability to meet its obligations to customers and its compliance with regulatory requirements, whether at Group level or at subsidiary level.

By following the Group's policies and standards, the risk of implementing an inadequate service or of the failure of an outsourced service provider is effectively mitigated through the following controls:

- a formalised approach, including a transparent selection and management process and a due diligence process, to outsourcing services;
- governance and oversight structures, practices and processes, with clear roles and responsibilities for oversight, monitoring and management of risks related to all outsourced services;
- regular assessments of whether the supplier maintains an effective internal control environment and continues to have a resilient business; and
- processes and practices to ensure that outsourced services arrangements comply with all applicable regulatory requirements.

B.7.2 Critical or important outsourcing arrangements

The firm has assessed whether outsourced activities are 'Critical or 'Important' on the basis of the activities being outsourced and dependency of the Group on that service. The assessment determines whether these activities are essential to the operation of the firm and whether the Group would be able to deliver its services to policyholders and customers without this outsourced activity operating.

Once confirmed, each new relationship is submitted for regulatory notification. The risks that may occur through transitioning the service are reviewed along with the risks inherent in the service. In each instance, processes and controls are established to mitigate the risks from the arrangement. Accountable executives are identified and a robust governance structure is implemented on an ongoing basis to ensure that the service continues to adhere to the principles outlined in the Third Party Risk Management Policy and Standards suite.

Outsourced functions and activities

Quilter outsources a range of operational functions and activities. The nature of critical or important arrangements primarily includes fund administration services, infrastructure and application maintenance, and wealth and investment transaction services. Material outsourced services are predominantly provided from the UK, South Africa and India but also include locations in other jurisdictions including the Isle of Man.

Intragroup outsourcing arrangements for the year ended 31 December 2019 primarily comprise a range of shared support services (including IT, operations, finance and capital management and internal audit services) provided by service companies within the Group.

B.8 Any other information

No other information on Quilter's system of governance is considered sufficiently material to require disclosure in this section.

Section C
Risk profile

Section C. Risk profile

The Quilter Board has carried out a robust assessment of the principal strategic risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity. A brief description of these principal risks (in addition to those covered in sections C.1 to C.5) is found in the next section. Further information on these risks, together with their key mitigants, can be found in pages 30 to 33 of the Quilter plc 2019 Annual Report.

The Group has adopted the Standard Formula specified in Solvency II legislation to assess the capital risks within Quilter. The Group uses the Standard Formula to calculate the Group Solvency Capital Requirement ("SCR"), reflecting the Group's capital risk profile covering; underwriting, market, credit and operational risks. These risk profiles, and the Group's liquidity risk profile, are described individually in sections C.1 to C.5.

The Quilter strategic risk profile

Group strategy

The Group has an ambitious strategy to grow its advice-led wealth solutions, while also driving operational leverage through scale and efficiency. The successful sale of Quilter Life Assurance has simplified the Group, significantly reducing the financial and regulatory complexities associated with delivering life assurance business, and progress has been made to move towards transitioning the UK Platform business onto FNZ's market leading technology platform. However, whilst complexity is reducing, the acquisitive growth in our advice business and a number of other strategic initiatives continues to expose the Group to a diverse and evolving set of internal and external risks.

External environment – COVID-19

Externally, COVID-19 will continue to impact global supply chains, global growth and employee availability. The Group is likely to be impacted by falls in equity market levels, adverse investor sentiment affecting NCCF and increased operational risks should employee availability be affected. The Group has mobilised a crisis response to identify and implement mitigating actions to limit possible impacts. These actions are described further in section C.5.1.

Internal change initiatives

Internally, the strategic objective to grow while improving operating leverage means that across the Group there are many change initiatives. These include:

- the ongoing delivery of the Platform Transformation Programme, which migrated the first tranche of advisers and clients in early 2020;
- the Optimisation programme which successfully delivered above plan savings in 2019; and
- ongoing work to increase Quilter's technology and information security capabilities.

While many of these projects will reduce risk in the longer term through streamlining processes and reducing manual intervention, there are delivery risks which could impact the timescales, costs and expected benefits of these programmes, and could prove a distraction from the ongoing delivery of strong business performance and customer outcomes in the meantime. The COVID-19 pandemic presents operational risks to the delivery of change initiatives, including the Platform Transformation Programme. Management has taken appropriate action to mitigate these risks, including the implementation of business continuity plans.

Advice and investment performance risk

Adviser firm acquisition has been a feature of Quilter Financial Planning's recent growth, including the June 2019 acquisition of Lighthouse Group. Effective integration of these acquisitions, relating to historic adviser conduct, advice quality (particularly in relation to defined benefit transfers) and IT estate management will continue to be key to managing the risk profile of the Group, and in yielding the anticipated scale benefits. As the Group becomes more focused and drives increased integrated flows, the importance of strong investment performance in Quilter's core propositions is critical, and the Group has invested in the Quilter Investors build programme to support this important customer outcome.

The Quilter capital risk profile

Sections C.1 to C.5 contain specific information on the profile of regulatory capital held for the Group and its insurance businesses.

Based on the Standard Formula, the Group had an SCR of £964 million at 31 December 2019. Table C.1 below shows the SCR breakdown by risk category (after intra-module diversification) for the Group, including the contribution to the overall Group regulatory capital requirement (Group SCR) for the non-insurance entities.

Risk modules	31 December 2019 £m
Market risk	341
Counterparty default risk	31
Life underwriting risk	465
Total before diversification	**837**
Diversification	(185)
Basic solvency capital requirement	**652**
Operational risk	33
Loss absorbing capacity of deferred taxes	(83)
Other financial sector entities	362
Group solvency capital requirement	**964**

Table C.1 – Quilter's SCR

The risk profile of Quilter's insurance entities reflects the nature of their product offerings, dominated by unit-linked life, pensions and investment business. Key features of these risk exposures are as follows:

- Investment risks are largely transferred to customers through the use of unit-linked product structures. The Group has second-order market risk exposure on asset-based revenues, which are driven by the assets under management.
- Quilter is generally exposed to loss of future revenue through higher than expected surrender experience.
- Quilter does not offer direct investment guarantees or take on complex financial insurance risks (such as pension annuities).
- Insurance risks on policies providing life assurance are largely reinsured to reinsurance firms with strong credit ratings, therefore mortality risks are not significant.

C.1 Underwriting risk

Underwriting risk arises through exposure to unfavourable operating experience within Quilter. Underwriting risk includes exposures to drivers of business performance from insurance products, such as greater than expected number of policyholders withdrawing their funds (referred to as surrender and partial withdrawal experience), greater than expected costs of administering policies and higher than expected death claims experience on life assurance products.

The key underwriting risk exposures for the Group are as follows:

Lapse risk

A large increase in surrender or partial withdrawal rates represents a risk to the Group as increases in surrender and partial withdrawal rates would result in reductions in future revenues on pensions and investment business.

Expense risk

Expense risk represents the risk that future maintenance expense levels and future expense inflation are higher than forecast within the Group's business plan.

Mortality risk

Mortality risk is the risk that death claims on policies which provide life insurance benefits are higher than expected.

The Group's risk exposure in respect of underwriting risks has reduced over the reporting period due to the sale of Quilter Life Assurance on 31 December 2019.

C.1.1 Underwriting risk profile

Underwriting risk is measured through the following approaches:

- The capital requirement for each underwriting risk exposure is calculated using the Solvency II Standard Formula.
- Sensitivity testing is performed in respect of underwriting risks in order to determine the impact of changes in experience on the value of own funds, the SCR and the Group solvency ratio.

The capital requirements for underwriting risks as at 31 December 2019 are set out in the following table:

Life underwriting risk category	31 December 2019 £m
Mortality	8
Longevity	-
Disability	-
Lapse	351
Expense	175
Life catastrophe	1
Subtotal	**535**
Diversification within risk module	(70)
Life underwriting risk SCR	**465**

Table C1.1 – Quilter's life underwriting risk SCR

The capital requirements for these risks represent potential losses due to extreme adverse scenarios which would arise approximately once in every 200 years.

The COVID-19 pandemic could lead to increased mortality claims on life assurance policies. Such an event is reflected through 'life catastrophe' risk within the calculation of the life underwriting risk component of the SCR. The Group has a small exposure to this risk as reflected through the capital requirement of £1m for life catastrophe risk.

C.1.2 Underwriting risk mitigation

The Group manages and mitigates each of the following risks as described below.

Lapse risk

Lapse risk is a feature of the Group's insurance business and is managed through product design, focusing on customer service and customer outcomes. Persistency statistics and customer metrics are monitored regularly and detailed persistency analysis are carried out regularly at a product group level.

Expense risk

Expense risk is managed through budget control and discipline, balanced against the need to ensure sufficient resources are available to achieve the Group's strategic aims.

Expense levels are monitored on a monthly basis against budgets and forecasts. An allocation model is used to allocate shared business costs to individual legal entities based on agreed cost drivers. The allocation basis applied in 2019 was broadly consistent with that applied in 2018. Cost drivers are periodically reviewed to ensure they are in line with the services that each legal entity is receiving. The allocation model will be reviewed in 2020 in light of the sale of Quilter Life Assurance.

Some product structures include maintenance charges. These charges are reviewed annually in light of changes in maintenance expense levels and the market level of inflation. This review may result in changes in charge levels.

Mortality risk

Mortality risk is mitigated through underwriting practices and external reinsurance arrangements. For unit-linked contracts, which include material mortality protection benefits, risk charges are applied to meet the expected costs of the insured benefits.

Mortality risks are largely reinsured to a number of reinsurance firms with strong credit ratings and therefore retained mortality risks are not significant.

C.1.3 Underwriting risk concentration

The Group does not have any material concentrations of lapse, expense and mortality risks.

The Group does not provide group protection business.

C.2 Market risk

Market risk is the risk of an adverse financial impact arising from the changes in values of financial assets or financial liabilities from changes in the value of equities, government and corporate bonds, foreign exchange rates, and property prices. The nature of Quilter's product offering, which mainly consists of unit-linked investment business, means the main market risks are transferred to customers through the use of unit-linked product structures. The majority of retained market risk for the Group relates to second-order market risk exposures on asset-based revenues, which are driven by the value of assets under management and administration.

The key market risk exposures for the Group are as follows:

Equity risk

Equity market risk is a significant risk for the Group since a large proportion of the assets underlying unit-linked funds held for the benefit of policyholders is invested in equity portfolios, from which the Group derives asset-based fees. The Group has no material holdings of equities within shareholders' funds.

The capital requirement for equity risk reflects the potential loss of future asset-based revenues resulting from returns on equity assets falling below the levels assumed in the best estimate projection.

Currency risk

Similar to equity risk, the capital requirement for currency risk reflects the potential loss of future asset-based revenues resulting from adverse movements in currency markets which negatively impact the value of assets underlying unit-linked funds, held through collective investments. This risk applies to a portion of the assets underlying unit-linked funds which are denominated in currencies other than pounds sterling.

For the Quilter International business, a portion of the future premium revenues can be in currencies other than pounds sterling. The International business employs currency forwards to provide short-term currency hedging to ensure its revenues in pounds sterling terms is protected. However, the business is exposed to currency movements on revenues over the longer term.

Interest rate risk

The Group is affected in multiple ways by movements in interest rates. Changes in interest rates can affect the value of policyholder assets under management, which changes the Group's fee income. The value of shareholders' funds held to meet capital requirements is also sensitive to movements in interest rates. Finally, changes in interest rates affect the value of the Group's expected future revenues and liabilities.

Spread risk

A portion of the assets underlying unit-linked funds is invested in corporate bonds. These bonds are exposed to the risk of increases in credit spreads, which would result in a fall in the value of bonds. This would result in a reduction in the Group's projected asset-based fee revenues.

The Group has no material holdings of corporate bonds within shareholders' funds.

C.2.1 Market risk profile

Market risk is measured through the following approaches:

- The capital requirement for each market risk exposure is calculated using the Solvency II Standard Formula.
- Sensitivity testing is performed in respect of market risks in order to determine the impact of market movements on the value of own funds, the SCR and the Group solvency ratio.
- Scenario testing is performed to assess the impact of a severe economic downturn arising over the business planning period.

The capital requirements for market risks as at 31 December 2019 are set out in the following table:

Market risk category	31 December 2019 £m
Interest rate	23
Equity	221
Property	1
Spread	28
Currency	179
Concentration	-
Subtotal	**452**
Diversification within risk module	(111)
Market risk SCR	**341**

Table C.2.1 – Quilter's market risk SCR

The COVID-19 pandemic has led to falls in global stock markets, movements in interest rates, currency exchange rates and corporate bond spreads. These events lead to reductions in the value of own funds for the Group as own funds include allowance for future revenues. The Group derives fee revenues which are linked to the value of assets under management, and so falls in the value of assets under management will result in reduction in the value placed on these future revenues. The impact on the Group solvency position is limited as falls in the value of assets under management also results in reductions in the SCR.

C.2.2 Prudent person principle and investment of assets

Management and oversight of market risk and other financial risk management activities (including the use of derivatives) is governed by Quilter plc Market Risk Policy, Credit Risk Policy, Capital Management Policy and Financial Risk Mitigation Standard, with governance processes established to monitor and manage market risks in accordance with the local and Group regulatory requirements.

For the Group's insurance businesses, while policyholders and advisers select the unit-linked funds which policyholder assets are invested into, Investment Forums within the relevant businesses oversee and monitor the investment of policyholder funds. The Investment Forums seek to ensure that investment risks and objectives are identified and clearly communicated and that funds remain appropriate for retail platform investment.

For the small book of non-linked protection business held within Quilter Life Assurance, UK Government bonds were held to back the policyholder liabilities by nature and duration. The matching exercises were carried out on a quarterly basis to minimise any potential mismatch due to interest rate movements.

The allocation of shareholder assets is managed in line with the Treasury Statement of Practice of the relevant business, which sets out the permitted instruments, liquidity limits, concentration limits and counterparty credit rating limits. The Group's shareholder assets are invested in money market investments and bank deposits. Monitoring of liquidity and credit risks is performed on a daily basis. The Treasury Governance and Risk Forum and the Capital Management Forum ("CMF") oversee market and credit risk exposures in respect of shareholder assets.

Market risk sensitivity analysis and scenario testing is performed regularly to understand the impact of potential stresses on the financial strength of Quilter plc and its subsidiaries.

C.2.3 Market risk mitigation

The Group's insurance business is predominantly unit-linked life, pensions and investment business. The direct market risks are transferred to policyholder through the use of unit-linked product structures. The Group does not offer investment guarantees or take on complex financial insurance risks. Market risk exposure on asset-based revenues is an accepted risk exposure, the impact of which is assessed as part of stress and scenario testing.

C.2.4 Market risk concentration

Policyholder funds are invested in a diversified portfolio of assets. The market risk concentration on policyholder assets is immaterial.

Shareholders' funds are deposited only in the permitted instruments set out in the Treasury Statement of Practice. The permitted instruments are bank call deposits and a range of money market funds. This provides diversification for shareholder assets and hence the market risk concentration on shareholder assets is not material.

C.3 Credit risk

Credit risk (counterparty default risk) is the risk that a party to a financial instrument will cause a financial loss to Quilter by failing to discharge an obligation to repay cash or deliver another financial asset. The material risks faced by Quilter relate to:

- the risk of default by banks and other financial institutions in respect of the investment of Group assets;
- the risk of default by insurance intermediaries in respect of receivables and debtor items; and
- reinsurance counterparty default risk.

C.3.1 Credit risk profile

Quilter's credit risk profile is derived from the Solvency II Standard Formula counterparty default risk module.

As at 31 December 2019, the Quilter SCR for this module was £31 million.

The COVID-19 pandemic could potentially result in an increase in credit risk exposure as economic conditions could result in reductions in the financial strength of financial counterparties such as banking counterparties. The Group actively monitors the credit worthiness of counterparties and diversifies exposures in order to limit exposure to any single counterparty, for example through the use of money market funds for the investment of company money.

C.3.2 Credit risk mitigation

Quilter has a credit risk framework supported by a Group Credit Risk Policy and Group Credit Risk Standard, together with appropriate risk appetite, risk reporting and oversight by the CMF.

The credit risk arising from exposures is mitigated by ensuring that the Group only enters into relationships with appropriately robust counterparties, adhering to the Group Credit Risk Policy. For each asset, consideration is given to:

- the credit rating of the counterparty, which is used to derive the probability of default;
- the loss given default; and
- the potential recovery which may be made in the event of default.

Credit and counterparty risks are identified and assessed through an analysis of Quilter's consolidated balance sheet. Quilter has a prudent credit risk management framework and invests shareholder funds in cash, AAA rated money market funds and UK Government bonds. Counterparty limits are set that ensure cash is held with appropriately rated counterparties and is appropriately diversified in order to manage concentration risk.

The credit risk exposures of Quilter plc and its subsidiaries are monitored on a monthly basis through the CMF to ensure that counterparties remain creditworthy and to ensure that concentrations of exposure are kept within accepted limits. There is no direct exposure to European sovereign debt (outside of the UK) within the shareholder investments.

As part of underwriting risk management, Quilter transfers a large portion of mortality risk to a number of selected reinsurers. Reinsurers with high credit ratings are used to minimise the risk of default and credit concentration.

C.3.3 Credit risk concentration

Cash is invested with a number of counterparties with high credit ratings. There is not a significant exposure to a single named counterparty and a process of diversification is employed to manage counterparty concentration risk.

C.4 Liquidity risk

C.4.1 Liquidity risk profile

Liquidity risk is the risk that there are insufficient assets or that assets cannot be realised in order to settle financial obligations as they fall due, or that market conditions preclude the ability of the Group to trade in illiquid assets in order to maintain its Asset Liability Matching ("ALM") profile.

Quilter is exposed to liquidity risks during the normal course of business where payments are made before the related income is received from counterparties or liquidity strains that arise from technology outages. Such exposures are typically short term in nature. Each business has a defined liquidity target and minimum liquidity requirement, which have been determined to cover any potential outflows arising from severe but plausible liquidity stress scenarios. The Group maintains additional liquidity to provide contingency funding support to the businesses if required, in the event of liquidity stresses. Liquidity exposures are monitored for each business on a daily basis relative to liquidity targets.

The COVID-19 pandemic has resulted in an increase in the likelihood of potential liquidity stress scenarios, such as risk of suspension of funds provided by external fund managers which are made available for Quilter platform customers, and significantly increased trading volumes, which cause short-term liquidity strains due to settlement timing differences between funds.

Each business maintains a Contingency Funding Plan, which is designed to enable management to address emergency liquidity situations in a timely and efficient manner and in line with regulatory requirements.

C.4.2 Liquidity risk mitigation

Quilter manages liquidity through:

- maintaining sufficient high quality liquid assets and appropriate banking facilities, the level of which is informed through appropriate liquidity stress testing;
- monitoring actual cash flows against forecast; and
- matching the maturity profiles of financial assets and liabilities, where possible.

Liquidity risk can arise as a result of significant switches or withdrawals of policyholder funds over a short timeframe or an individual very large switch or withdrawal. In some cases, switches and withdrawal of policyholder funds are paid by the entity before settlement is received from the market on the sale of policyholder assets. This risk is managed by maintaining high quality liquid assets to meet the value of the payments which may reasonably be expected in stressed conditions and by regularly monitoring actual cash flows against forecast.

Liquidity risk can also arise due to timing differences between policyholder claims and subsequent recovery from a reinsurer on a quarterly basis. This risk is reflected in liquidity levels held across the relevant entities. This risk has reduced following the sale of Quilter Life Assurance.

Within certain funds available to policyholders (primarily property funds), there is a risk that in the event of a shortage of liquidity within the funds, these funds may be suspended, resulting in policyholders being unable to buy or sell units for a period of time. There are circumstances in which Quilter will honour the settlement of a population of contractual payments within Old Mutual Wealth Life & Pensions Limited, resulting in a liquidity risk. Oversight of this risk is provided by the Investment Forum for Old Mutual Wealth Life & Pensions Limited.

C.4.3 Liquidity risk concentration

There is no significant concentration of liquidity risk in Quilter.

C.4.4 Expected profit included in future premiums (“EPIFP”)

For regular premium products, the allowance for future premiums and benefits within the best estimate liability depends on the Solvency II ‘boundary of the contract’. The EPIFP for the Group as at 31 December 2019 was £5 million. The EPIFP has reduced over 2019 due to the sale of Quilter Life Assurance.

C.5 Operational risk

Operational risk is defined as: “The risk of loss (or unintentional gain/profit) arising from inadequate or failed internal processes, or from personnel and systems, or from external events (other than financial or business environment risks), resulting in an adverse impact to earnings or reduced solvency.”

Quilter has exposure to a number of operational risks which could threaten Quilter’s ability to meet its business objectives, the most significant being:

- **Advice and mis-selling**: The risk that customers receive incomplete, inappropriate, untimely or unsuitable advice from businesses within the Group, with the potential for client detriment, which is likely to result in financial loss, damage to Quilter’s reputation and/or regulatory censure and fines.
- **Customer proposition**: Failure by Quilter to offer products, services and platforms that meet customer needs and which are considered suitable could result in advisers ceasing to recommend Quilter’s products or services, or recommending fewer of Quilter’s products or services, and declining persistency of Quilter’s products.
- **Information technology**: Quilter uses computer systems to conduct its business, which involves managing and administering assets on behalf of customers in its wealth portfolios and on its platforms. Quilter’s business is highly

dependent on its ability to access these systems to perform necessary business functions and to provide adviser and customer support, administer products, make changes to existing policies, file and pay claims, manage customer's investment portfolios and produce financial statements and regulatory returns. Failure to manage this risk could have a material adverse impact on Quilter's business, financial condition, results of operations, prospects, and reputation.

- **Data, information and cyber threats**: Quilter's business, by its nature, requires it to store, retrieve, evaluate and utilise customer and company data and information, which is highly sensitive. Quilter is subject to the risk of information security breaches from parties with criminal or malicious intent (including cybercrime). Should Quilter's intrusion detection and anti-penetration software not anticipate, prevent or mitigate a network failure or disruption, or should an incident occur to a system for which there is no duplication, it may have a material adverse effect on Quilter's customers, business, financial condition, results of operations, prospects, and reputation.
- **Third party**: Quilter outsources and procures certain functions and services to third parties and may increase its use of outsourcing in the future. If Quilter does not effectively develop and implement its outsourcing strategies and its internal capability to manage such strategies, third party providers do not perform as anticipated, or Quilter experiences technological or other problems with a transition, it may not realise productivity improvements or cost efficiencies and may experience operational difficulties, increased costs, loss of business, and damage to its reputation.
- **Mergers, acquisitions and disposals**: Quilter's business strategy may require it from time to time to acquire or divest businesses, or books of business from/to third parties. This requires effective due diligence to be undertaken in respect of acquisition activity to ensure that any existing issues are identified in a timely manner, and appropriate mitigating strategies can be applied (including the cancellation of the transaction) to ensure that business integration risk is minimised, and that disposals are structured in such a manner that the Group exposure to legal or other risks post sale are identified and appropriate management actions effected. Should the management of these activities not be effective, Quilter's operational risk profile may deteriorate, and the risk of unforeseen operational risk events may increase, leading to regulatory issues, increased costs, loss of business and damage to its reputation.
- **Material business change**: in order to optimise its structure, practices and processes, Quilter continues to seek to operate in the most effective and efficient manner, requiring an ongoing programme of business change and transformation. If Quilter fails to provide effective and efficient processes to oversee and manage change programmes, it may not realise either the benefits anticipated from the change programme, or introduce unanticipated operational risks to the business, leading to operational difficulties, increased costs and loss of business, and damage to its reputation.

C.5.1 Operational risk profile

Operational risks are internally assessed through scenario-based risk assessments utilising internal risk event data, external operational loss data, Risk and Control Self-assessments ("RCSA") and expert judgement provided by first line subject matter experts. Operational risk assessments are then modelled within an operational risk modelling system in order to assess the potential loss in plausible but extreme conditions. This assessment is used to support the Group's assessment of the appropriateness of the Solvency II Standard Formula.

The COVID-19 pandemic will have a material impact on the operational risk profile of the Group, although due to the fast moving nature of the Government response to the crisis and the associated actions now required by both business and the general public to inhibit the spread of the virus, the detailed impacts are yet to be fully understood, and are currently being assessed.

Quilter is following the recommendations made by the UK Government to reduce the spread of COVID-19. The Group has implemented the following measures to protect our people, to serve our customers and to minimise business disruption:

- Quilter's established process for crisis management has been invoked with a combination of daily group-wide calls and specific business unit management meetings.
- Frequent communications to employees are being made, including communications highlighting the availability of the employee assistance programme and additional guidance to line managers on how to deal with specific situations (e.g. vulnerable employees).
- A review of business process and change programmes is being undertaken to assess remote working and potential people stretch impacts.
- With the exception of key staff required to attend Quilter premises to ensure that critical business processes continue, all staff are now working from home, and have been provided with remote access IT equipment and telephony to facilitate this.
- All key staff observe social distancing guidelines when on Quilter premises.
- Telephone-based financial advice service for customers launched.
- Other operational measures including enhancing cleaning services for all Quilter premises.

The overall impact of the situation is an increase of our residual risk profile in critical areas as processes are adapted to reflect the current threat.

Quilter's crisis management process has been invoked to ensure visibility of emerging risks and issues, and to agree appropriate mitigating management actions, over which the Risk Management function maintains its usual oversight and challenge.

Further assessments of these actions and the resulting Group risk and controls profile will be reflected in future Risk and Control Self-Assessments.

In addition to the above, Quilter has also recently completed the sale of Quilter Life Assurance. Whilst this is a material change affecting the Group (as outlined in section A.1.12), the terms of a Transitional Service Agreement concluded with the purchaser means that the operational risk profile of the Group will not materially change in the short term.

Quilter's operational risk capital requirement is calculated on a Solvency II Standard Formula basis, which is predominantly driven by the level of maintenance expenses for the insurance businesses.

As at 31 December 2019, the Quilter SCR for the operational risk module was £33 million.

The operational risk charge is added on to the basic SCR following the Standard Formula with no allowance for diversification with other risk modules.

C.5.2 Operational risk mitigation

Operational risks are managed in accordance with Quilter's Operational Risk Policy and Standards. Operational risk exposure is measured primarily through scenario assessments which use internal and external loss event data, Risk and Control Self-assessments, and expert judgement provided by subject matter experts. Resultant exposures are evaluated against Quilter's risk appetite and this evaluation drives operational risk reporting and management action.

First line management has responsibility for applying the operational risk framework, including the management of operational risk, and ensuring that appropriately designed controls are operating effectively. The second line Risk function provides risk oversight and challenge to the first line in their delivery of the requirements of the operational risk framework, and Quilter's Internal Audit function provides third line assurance. Quilter's governance structure is designed to ensure clarity of responsibilities and delegated authorities, segregation of duty, and clear escalation of risk issues to enable timely management action to manage risks within acceptable tolerances.

C.5.3 Operational risk concentration

The Group's operations are generally well spread across a number of office locations, mitigating the risk of significant concentration of operational risk within Quilter. Some of the Group's insurance businesses share IT infrastructure and network services which creates interdependencies. This is mitigated by robust business continuity plans for critical functions and IT services.

C.6 Other material risks

Further qualitative information on the principal risks and uncertainties facing the Group, together with their key mitigants, can be found in the Quilter plc 2019 Annual Report.

C.7 Any other information

C.7.1 Risk sensitivity analysis

Scenario testing and sensitivity testing are performed on an annual basis to assess the resilience of the Group to potential stresses and scenarios and to assist in determining the management actions which would be required to manage and mitigate the impacts of such events. Reverse stress testing is also performed to identify the point at which the Group or any of its solo insurance entities could become unviable.

Sensitivity testing

The Group carries out sensitivity testing to assess the impacts on the Group solvency position of changes in equity markets, interest rates, lapse rates and expense levels.

As at 31 December 2019, the Group's surplus capital above the SCR was £1,168 million. The following table shows the change in the value of surplus capital due to the key sensitivities which have been tested:

Sensitivity test	Impact on level of surplus capital £m
Equity markets: 25% market fall	(7)
Interest rates: 1% reduction in interest rates	(28)
Interest rates: 1% increase in interest rates	22
Lapse rates: 10% mass lapse	(50)
Expenses: 10% increase in expense levels	(67)

Scenario tests

Scenario testing is performed on an annual basis to assess the resilience of the Group and the solo regulated entities to severe but plausible events and to assist in determining the management actions which would be required to manage and mitigate the impacts of such events. Scenarios are also used to validate that the Group and solo regulated entities are sufficiently capitalised in line with their financial risk appetites.

Scenario testing is performed by adjusting the parameters used to project revenues and expenses over the business planning period and adjusting capital plans. Scenario testing parameters are typically set in order to assess the impacts of both 1-in-50 year adverse events and 1-in-200 year adverse events over the business planning period. Scenario testing parameters are determined through analysis of market and internal experience data.

Scenario testing for the Group demonstrated that the Group can comfortably withstand a 1-in-200 year adverse event whilst continuing to meet its internal solvency target. In order to manage a 1-in-200 year scenario, in line with the Group's dividend policy, dividends would reduce or be temporarily suspended under such a scenario.

Reverse stress testing

Reverse stress testing is performed in order to identify the events which would result in the business plan becoming unviable, resulting in the need to make material changes to the strategy in order to continue as a going concern.

C.7.2 Significant risk concentration

The Group has not identified any significant risk concentrations that could threaten the Group solvency or liquidity position.

Section D
Valuation for solvency purposes

Section D. Valuation for solvency purposes

This section describes the consolidation approach and the methods used to value assets and liabilities when preparing the Group Solvency II balance sheet. The Group Solvency II balance sheet is used as a basis for calculating Solvency II own funds and is reported in the Group balance sheet QRT (S.02.01.02).

Quilter plc and all of its direct and indirect subsidiaries are consolidated on a line-by-line basis when preparing the IFRS statement of financial position ("IFRS balance sheet"). This essentially means that each asset and liability figure disclosed in the Group's IFRS balance sheet is determined as the sum of the assets or liabilities of that type across all Quilter entities after eliminating the impact of intragroup transactions. When preparing the Group Solvency II balance sheet, certain types of entities are required to be consolidated on a line-by-line basis while others are required to be included in a single line, as participations. The value of the participations figure in the Group balance sheet is based on the value of the net assets of the entities that are not consolidated on a line-by-line basis for Solvency II. The differences between the IFRS and Solvency II consolidation approach result in significant presentational differences between the Group Solvency II balance sheet and the Group IFRS balance sheet.

A reconciliation between the Group IFRS equity position and the Solvency II own funds position is provided in section E. The reconciliation summarises the non-presentational differences between IFRS and Solvency II which result from differences in the valuation rules.

Determination of assets and liabilities for Solvency II

Solvency II assets and liabilities have been calculated in accordance with the overriding valuation principles set out in Articles 75 to 86 of the Solvency II Directive (Directive 2009/138/EC), which require an economic market-consistent approach to the valuation of assets and liabilities. The bases, methods and assumptions used for the valuation of the Group's assets, technical provisions and liabilities other than technical provisions ("Other liabilities") are consistent with the Solvency II rules and guidance.

The Group's IFRS reporting is the starting point for Solvency II reporting. Significant accounting policies applied in preparing the Group's IFRS balance sheet are disclosed in note 4 to the Quilter plc 2019 Annual Report. Critical accounting estimates and judgements are outlined on pages 110 to 112 of the Quilter plc 2019 Annual Report. The valuation of assets and other liabilities under Solvency II is based on quoted market prices in actively traded markets where available. For assets and liabilities not traded in active markets, quoted market prices for similar assets and liabilities are used where available. In cases where there are no similar assets or liabilities traded in active markets, alternative valuation methods are applied making the maximum use of observable inputs.

Assets and other liabilities that are valued at fair value in accordance with IFRS satisfy the overriding valuation principles of Solvency II. Furthermore, where the carrying amount of assets and other liabilities in the financial statements approximates their fair value, the valuation basis is deemed to be in line with the overriding valuation principles. When IFRS principles are not consistent with the overriding Solvency II valuation principles above, the valuation of assets and liabilities is adjusted to ensure the Solvency II principles are adhered to. Material categories of assets and liabilities that are not valued using market prices are outlined in the sections below.

The value of technical provisions is calculated in line with the Solvency II rules as the sum of technical provisions calculated as a whole, best estimate liabilities and risk margin.

Consolidation approach

The Group follows the default consolidation method when preparing the Solvency II balance sheet which is referred to as the "accounting consolidation-based method" or "Method 1". Accordingly, Quilter plc, its insurance subsidiaries (Old Mutual Wealth Life & Pensions Limited, Quilter International Ireland dac and Quilter International Isle of Man Limited), certain holding companies and ancillary service companies together form a consolidated insurance group that is consolidated on a line-by-line basis when preparing the Group Solvency II balance sheet.

Non-insurance entities ("other financial sector undertakings" and "other non-financial undertakings") are included as participations in the Group Solvency II balance sheet and are not therefore consolidated on a line-by-line basis. Non-insurance entities comprise the Group's asset management and advisory businesses.

The balance sheet, own funds and solvency capital requirements (covered in section E) for insurance companies are each determined on a Solvency II basis. Other financial sector undertakings are included under Method 1 as participations on the Solvency II balance sheet on a sectoral rules basis, meaning that their value is determined in accordance with CRD IV. The sectoral rules are also used to determine the contribution of those entities to Group own funds and the Group solvency capital requirement.

Type of undertaking	Quilter entities	Solvency II balance sheet	IFRS balance sheet
Consolidated insurance group	Quilter plc's insurance undertakings: Old Mutual Wealth Life & Pensions Limited, Quilter International Ireland dac and Quilter International Isle of Man Limited.	Full line-by-line consolidation. Solvency II valuation basis. Investment funds included based on Quilter's ownership percentage.	Full line-by-line consolidation. Investment funds meeting IFRS 10 criteria for 'consolidation of funds' are fully consolidated – for further information see note 4(a) of the Quilter plc 2019 Annual Report.
	Quilter plc and Old Mutual Wealth Holdings Limited - mixed financial holding companies. Quilter's insurance holding companies. Service companies ancillary to Quilter's insurance businesses.	Full line-by-line consolidation. Solvency II valuation basis.	Full line-by-line consolidation. IFRS valuation basis.
Other financial sector undertakings	Companies in the Group's asset management and advisory businesses.	Valued using the relevant sectoral rules. Included in participations taking into account the Group's ownership percentage.	Full line-by-line consolidation. IFRS valuation basis.
Other non-financial undertakings	Other Quilter entities such as service companies not ancillary to Quilter's insurance business.	Valued based on the adjusted equity method. Included in participations taking into account the Group's ownership percentage.	Full line-by-line consolidation. IFRS valuation basis.

The table below sets out a comparison of the values of assets and liabilities under Solvency II and IFRS. There are significant differences for the reasons already explained above. Further information on the reasons for the differences is provided in section D.1 (Assets), D.2 (Technical provisions) and D.3 (Other liabilities).

Summary balance sheet £m	Ref.	2019 IFRS value	Consolidation of investment funds	Solvency II adjustments	2019 Solvency II value	2018 Solvency II value
Assets						
Goodwill and other intangible assets	D.1.1	592	-	(592)	**-**	-
Contract costs	D.1.2	455	-	(455)	**-**	-
Property, plant and equipment held for own use	D.1.3	143	-	(34)	**109**	7
Investments (other than assets held for index-linked and unit-linked contracts)[1]	D.1.4	11,433	(11,414)	856	**875**	1,386
Holdings in related undertakings, including participations	D.1.5	1	-	443	**444**	391
Assets held for index-linked and unit-linked contracts	D.1.6	47,943	4,285	-	**52,228**	54,455
Loans and mortgages	D.1.7	217	-	(31)	**186**	195
Reinsurance recoverables	D.1.8	-	-	(18)	**(18)**	2,032
Other receivables[2] and deferred tax assets	D.1.9	481	(136)	(170)	**175**	254
Cash and cash equivalents	D.1.10	2,473	(527)	(1,389)	**558**	208
Total assets		**63,738**	**(7,792)**	**(1,390)**	**54,556**	**58,928**
Liabilities						
Technical provisions	D.2.4	52,456	-	(840)	**51,616**	55,952
Deferred tax liabilities	D.3.1	88	-	(1)	**87**	45
Other liabilities[3]	D.3.2	1,060	(116)	(354)	**590**	586
Subordinated liabilities	D.3.3	198	-	9	**207**	201
Any other liabilities, not shown elsewhere	D.3.4	7,866	(7,675)	(191)	**-**	-
Total liabilities		**61,667**	**(7,792)**	**(1,376)**	**52,500**	**56,784**
Excess of assets over liabilities		**2,071**	**-**	**(14)**	**2,057**	**2,144**

[1] Excludes Holdings in related undertakings, including participations which are shown separately in the row below.

[2] Solvency II value for Other receivables includes the following lines from the Solvency II balance sheet in Appendix F.2: deferred tax assets, insurance and intermediaries receivables; reinsurance receivables and receivables (trade not insurance).

[3] Solvency II value for Other liabilities includes the following lines from the Solvency II balance sheet in Appendix F.2: provisions other than technical provisions; derivatives; financial liabilities other than debts owed to credit institutions; insurance and intermediaries payables; reinsurance payables and payables (trade not insurance).

D.1 Assets

We have outlined below key valuation and classification differences between the Solvency II and IFRS balance sheets by material classes of assets, with a particular focus on the consolidated insurance group. As stated above, there are significant presentational differences between the Group's IFRS and Solvency II balance sheets.

The Group has considered the nature, function, materiality and risk profile of assets when aggregating assets into material classes in order to describe the valuation bases that have been applied to each class.

D.1.1 Goodwill and other intangible assets

Under Solvency II, goodwill is valued at nil. The Group has no intangible assets for which a fair value can be determined from an alternative market and therefore all intangible assets are valued at nil in the Solvency II balance sheet.

D.1.2 Contract costs

Under Solvency II, deferred acquisition costs ("DAC") and contract costs are valued at nil. Future cash flows associated with insurance contracts are considered in the calculation of Solvency II technical provisions.

D.1.3 Property, plant and equipment held for own use

Property, plant and equipment are carried at a value based on amortised cost for IFRS which is deemed to be a reasonable approximation of fair value. The majority of these assets are held by other financial sector entities and included within participations under Solvency II. Of the IFRS balance for property, plant and equipment, £109 million relates to the consolidated insurance group. The increase in the balance during 2019 is mainly a result of adoption of IFRS 16 (Leases) which results in the recognition of right-of-use assets which from an own funds perspective are offset by lease liabilities of a similar value.

D.1.4 Investments (other than assets held for index-linked and unit-linked funds)

The majority of Investments comprises investments in Collective Investment Undertakings (£826 million). Under both Solvency II and IFRS reporting, these assets are measured at fair value, based on market prices at the reporting date, which are quoted prices in active markets for identical instruments. No significant estimates or judgements are used in the valuation of these investments.

The main difference between the IFRS and the Solvency II value of Investments (£11,414 million shown within the "Consolidation of investment funds" column in the table above) results from the different consolidation approach with respect to investment funds which the Group controls. Under IFRS, these investment funds are fully consolidated on a line-by-line basis, whereas under Solvency II only the relevant percentage held by the Group is included in the Solvency II balance sheet.

Further differences between IFRS and Solvency II result from differences in the definition of line items. Under Solvency II, the money market fund investments (£813 million) are deemed not to be accessible within 24 hours and therefore are included in the "Investment funds" line, whereas on the IFRS balance sheet these investments are classified as "Cash and cash equivalents".

Accrued income on investments and securities is reclassified from "receivables" under IFRS to "investments" under Solvency II, resulting in relatively minor presentational difference between the IFRS and Solvency II bases.

D.1.5 Holdings in related undertakings, including participations

Both in the Solvency II balance sheet and under IFRS, this heading comprises holdings in related undertakings which are not fully consolidated. In the IFRS financial statements, the Group consolidates all entities it controls on a line-by-line basis. Related undertakings totalling £1 million which do not meet the IFRS 10 criteria for line-by-line consolidation are included here.

Under Solvency II, due to the different consolidation approach described above, subsidiary undertakings outside the insurance consolidation group are not fully consolidated. These undertakings are shown on a separate line as "Holdings in related undertakings" of £444 million and comprise Other financial sector undertakings and Other non-financial undertakings. The £444m consists of £424 million of holdings in Other financial sector undertakings and £20 million of holdings in Other non-financial undertakings.

Other financial sector undertakings are Group entities that are Financial and credit institutions, Alternative investment fund managers and Non-regulated undertakings carrying out financial activities. These holdings are valued on the basis of the Group's proportional share of the undertakings' own funds calculated in accordance with the relevant sectoral rules, which for investment firms means CRD IV.

Holdings in Other non-financial undertakings are measured at fair value. In cases where a market price (using listed quoted prices from a recognised stock exchange) is not available, the adjusted equity value is used. The adjusted equity value is calculated by multiplying Quilter's ownership percentage by the entity's IFRS net assets after certain adjustments including the deduction of any goodwill or other intangible assets.

D.1.6 Assets held for index-linked and unit-linked contracts

IFRS does not separately classify assets held to cover linked liabilities. In the Group financial statements, these assets are classified in the balance sheet under the relevant asset line (such as equities or bonds). Under Solvency II, £52,228 million of these assets, representing linked policyholder investments held by the consolidated insurance group, are reclassified and reported in one line in the balance sheet as "Assets held for index-linked and unit-linked contracts".

Under Solvency II, assets held to cover linked liabilities are valued on the same basis as for IFRS. Valuation is largely on the basis of quoted market prices. Certain assets (totalling £1,529 million) are valued using alternative valuation methods. Refer to section D.4 for further details.

D.1.7 Loans and mortgages

The majority of the loans on the Solvency II balance sheet are policyholder loans. These are held at cost (the amount borrowed) as an approximation of fair value. The IFRS balance of £217 million was adjusted to reflect the loans and mortgages relating to the consolidated insurance group which amount to £186 million. The remainder of the balance relates to Other financial sector undertakings.

D.1.8 Reinsurance recoverables

Under Solvency II, reinsurance recoverables are calculated on the same basis as gross best estimate liabilities. These are reported as assets on the balance sheet, and an adjustment is made for expected losses due to reinsurer counterparty default. For further details refer to section D.2.

Reinsurance recoverables have reduced by £2,050 million over the period, which is in line with the IFRS movement in the Reinsurers' share of long-term business policyholder liabilities. The decrease is mainly caused by the sale of QLA.

The negative balance of £18 million represents the net future cash outflows relating to reinsurer share of technical provisions in the Quilter International business.

D.1.9 Other receivables and deferred tax assets

Other receivables of £147 million are stated at amortised cost, less appropriate allowances for estimated irrecoverable amounts. This approximates to fair value due to the short-term nature of the balances. This valuation basis applies equally to both IFRS and Solvency II. Under Solvency II, there is a subsequent minor reclassification of accrued income on investments and securities to the investments and securities category.

The majority of the £154 million Solvency II adjustment relates to removing receivables arising in the Other financial sector undertakings.

Deferred tax assets ("DTA") in the Solvency II balance sheet amount to £28 million. Deferred tax assets are recalculated based on the difference between the Solvency II market value of assets and liabilities and the value ascribed to the same assets and liabilities for tax purposes. Deferred tax assets are only recognised to the extent the assets are recoverable. An adjustment of £15 million was made to remove the deferred tax asset balances relating to the entities not consolidated on a line-by-line basis.

D.1.10 Cash and cash equivalents

Cash and cash equivalents under Solvency II of £558 million are carried on an amortised cost basis under IFRS and this approximates to fair value under Solvency II. The key difference between IFRS and Solvency II reporting is that money market fund investments held by the consolidated group of £813 million are included in the "Investment funds" line under Solvency II whereas under IFRS they are included in "Cash and cash equivalents".

D.2 Technical provisions

D.2.1 Technical provisions by line of business

This section considers the technical provisions in the consolidated Group Solvency II balance sheet for Quilter plc (£51,616 million) which consists of the technical provisions of the following entities included under the consolidated insurance group under Method 1:

Old Mutual Wealth Life & Pensions Limited

Quilter International Ireland dac

Quilter International Isle of Man Limited

Following the sale of QLA, the index-linked and unit-linked insurance line of business now represents 100% of the Group's total technical provisions, with no material technical provisions in any other line of business. The index-linked and unit-linked insurance business mainly consists of unit-linked individual pensions, investment bonds and portfolio bonds products offered by the Group.

The value of the technical provisions corresponds to the amount that would have to be paid to transfer the insurance obligations immediately to another insurance undertaking. This value is calculated in line with Solvency II requirements as the sum of the technical provisions calculated as a whole, the best estimate liabilities and the risk margin.

Line of business £m	31 December 2019				31 December 2018	Change in technical provisions
	Technical Provisions calculated as a whole	Best estimate liabilities	Risk margin	Total technical provisions	Total technical provisions	
Index-linked and unit-linked insurance	52,456	(1,087)	247	51,616	55,345	(3,729)
Other life insurance	-	-	-	-	597	(597)
Health insurance	-	-	-	-	10	(10)
Total Group technical provisions	**52,456**	**(1,087)**	**247**	**51,616**	**55,952**	**(4,336)**

The Group's Solvency II technical provisions have fallen over 2019 mainly because of the sale of QLA. The Solvency II technical provisions have three components:

- technical provisions calculated as a whole of £52,456 million. This represents the value of units credited to policyholders as at 31 December 2019. If the liability is subject to a surrender option, the value of the financial liability is never less than the amount payable on surrender;
- best estimate liabilities of £(1,087) million. This represents the value of future profits (net of expenses) from the unit-linked business, based on the cash flow projection model and is equivalent to future product charges (income) less future expenses and future claims in excess of unit reserves, before allowing for the effect of reinsurance; and
- a risk margin of £247 million.

D.2.2 Bases, methods and main assumptions used for technical provisions valuation

The assumptions and methodology for the Group's best estimate liabilities and risk margin are set out in the following sections.

D.2.2.1 Methodology applied in deriving the best estimate liabilities

The best estimate liability is calculated for all policies in force at the valuation date. The best estimate liability is calculated as the prospective value of future expected cash flows on a policy-by-policy basis allowing for any surrender payment, transfer payments, death claims, income withdrawals, maintenance expenses, fund-based fees, mortality charges and other policy charges. The underlying assumptions are based on the best estimate of the future, which is largely based on recent business experience and any emerging trends. The unit fund growth rates (gross of investment charges) and the discount rates are set using the prescribed Solvency II term-dependent risk-free interest rates.

The calculation is carried out gross of reinsurance recoverables and gross of all future tax, other than future policyholder tax. The value of shareholder tax is included within the deferred tax liability ("DTL") line.

For regular premium products, the allowance for future premiums and benefits within the best estimate liabilities depends on the Solvency II boundary of the contract. Unit-linked regular premium products have been modelled using short contract boundaries, i.e.

by not recognising future premiums, where no material protection benefit exists and/or there are no loyalty bonus mechanisms at maturity.

For reinsurance recoverables, the same contract boundary conditions apply.

D.2.2.2 Methodology applied in deriving the risk margin

The risk margin is determined as the present value of the cost of the non-hedgeable solvency capital requirement (at 6% per annum) needed for the full run off of the in-force liabilities, discounted using the prescribed Solvency II term-dependent risk-free interest rates.

All standalone non-hedgeable SCRs are projected forward individually using the appropriate risk drivers. Diversification benefits between the standalone risks are allowed for in each future projection period.

D.2.2.3 Key assumptions in deriving the best estimate liabilities

This section covers key assumptions used to derive the best estimate liabilities.

D.2.2.3.1 Relevant term-dependent risk-free rate applied in deriving the technical provisions

Quilter plc uses the Solvency II risk-free interest rate curve prescribed by the EIOPA for the valuation of its technical provisions. The unit fund growth rates (gross of investment charges) and the discount rates are set equal to the prescribed Solvency II rates.

For the unit-linked business, the asset-based charges component of the best estimate liabilities is not particularly sensitive to the changes in risk-free interest rate curves. This is because the impacts of changes in the unit growth rates and the risk discount rates have a broadly offsetting effect on the asset-based charges. The expense component and the fixed charges component of the cash flow are more sensitive to changes in risk-free interest rate curves.

The risk margin component of technical provisions is also sensitive to changes in risk-free interest rates as it is calculated as the discounted present value of the cost of the non-hedgeable solvency capital needed for the run off of the in-force liabilities.

The GBP denominated risk-free interest rate curve has reduced across all future durations over 2019.

D.2.2.3.2 Lapses

Persistency assumptions impact the expected outstanding duration of the business and hence are an important driver for the expected future cash flows within the technical provisions calculation.

Methodology

The lapse, surrender and income withdrawal assumptions are set with reference to recent experience in Quilter business, allowing for any emerging trends. Lapse assumptions vary by product type and policy duration. The assumptions are based on a weighted average of historical observed experience.

Key changes to assumptions for the year ending 31 December 2019

Following the recent experience and methodology review, the surrender and income withdrawal rate assumptions for OMWLP's pensions business have reduced reflecting the gradual stabilisation of the pensions experience since the introduction of the UK pension freedom rules in 2015.

The surrender and withdrawal rate assumptions for Quilter International Ireland dac and Quilter International Isle of Man Limited have increased slightly overall following the annual experience and methodology review. The impact of the net changes for these two companies is not material at a Group level.

D.2.2.3.3 Expenses

Expenses assumptions reflect the expected cost of future maintenance of the in-force business.

Methodology

Expense assumptions are modelled on a per policy basis and based on both actual observed experience (excluding acquisition expenses and one-off expenses) and projected expenses over the business planning period. Expense assumptions are differentiated by policy type and payment profile (whether a policy is regular or single premium, paying or paid up).

As the Platform Transformation Programme is scheduled to be completed towards the end of 2020 for OMWLP, the Group has incorporated the new expense basis to reflect the future outsourcing arrangement with FNZ from this point onwards. Under the new outsourcing model, a component of the maintenance expenses will be the fees contractually payable to FNZ. In deriving the new expense basis, OMWLP has also allowed for the full amount of outstanding PTP development expenditures in its Solvency II technical provisions.

Key changes to assumptions for the year ending 31 December 2019

Not all of the overhead expenses allocated to the QLA business during 2019 are removed from the Group's expense base following the sale of QLA. A portion of the remaining expenses will be allocated to OMWLP and an element is recharged under Transitional Service Agreements. These stranded costs are partially mitigated by the expense reduction management actions included in the current business plan through various business initiatives such as the Optimisation Programme. There are elements of uncertainty in future costs savings. The Group has therefore applied a prudent and appropriate approach when allowing for the expense reduction management actions. The net impact of the stranded costs and the expense reduction management actions has resulted in increases in the expense assumptions for OMWLP.

The expense assumptions for Quilter International Isle of Man Limited have increased. This is mainly due to lower than anticipated new business volumes experienced in 2019 and potentially lower new business volumes expected for 2020 resulting in a reduction in policy counts over which the expenses are spread. Consequently, per policy expenses have risen.

D.2.2.3.4 Expense inflation assumption

The maintenance expense assumption is projected to increase in line with anticipated inflation rates.

Methodology

The assumption for RPI inflation is based on implied inflation from the Bank of England's forward gilt yield curves, i.e. the difference between the fixed gilt yields and index-linked gilt yields. The expense inflation assumption is set to have a pre-determined margin above the projected RPI rates. This is because salaries are a major component of the Group's cost base and in general the rate of growth in average earning tends to be marginally higher than RPI.

Key changes to assumptions for the year ending 31 December 2019

The changes in market rates over 2019 have resulted in a slight reduction in expense inflation assumptions for all future durations.

D.2.3 Uncertainty associated with the value of technical provisions

Sensitivity tests on the assumptions are carried out to ensure the uncertainties are well understood and incorporated in the capital and risk management of the business.

The Group only has unit-linked business. For unit-linked business, technical provisions are calculated as a whole representing the value of units credited to policyholders. If the liabilities are subject to a surrender option, the value of the financial liability is never less than the amount payable on surrender. Therefore, in absolute terms, there is very limited uncertainty regarding the value assigned as the valuation does not require the application of assumptions or judgement.

The best estimate liabilities component of technical provisions represents the value of future revenues (net of expenses) from the unit-linked business, based on the cash flow projection model and is equivalent to future product charges (income) less future expenses less future claims in excess of unit reserves. This component of technical provisions therefore carries greater uncertainty, principally driven by the following:

- Economic uncertainty related to future income from unit funds, e.g. a higher than expected future surrender experience will result in lower future asset-based revenues and lower future profits. This will cause the best estimate liabilities to increase; and
- Uncertainty related to future administration costs for servicing the in-force policies, e.g. higher than expected future expenses to service the in-force business will result in lower future profits. This will cause the best estimate liabilities to increase.

The best estimate liabilities component of technical provisions and its inherent risk profile also have a second-order effect on the size of the risk margin.

D.2.4 Differences between Solvency II and IFRS bases, methods and assumptions

The table below summarises the differences in the valuation of technical provisions between the Solvency II and IFRS bases.

Technical provisions	31 December 2019 £m	31 December 2018 £m
Gross IFRS insurance and investment contract liabilities	52,456	57,052
Adjustment for Solvency II	(1,087)	(1,400)
Gross Solvency II liabilities to policyholders	**51,369**	**55,651**
Add risk margin	247	301
Solvency II technical provisions	**51,616**	**55,952**

Quilter plc prepares its statutory accounts on an IFRS basis. The differences in the value of technical provisions when moving from an IFRS basis to a Solvency II basis are as follows:

- The IFRS value of unit-linked technical provisions is £52,456 million which is based on the value of unit reserves.
- Adjustment for Solvency II – The adjustment for Solvency II reduces the technical provisions for unit-linked business by £1,087 million. This adjustment includes an allowance for future profits under Solvency II which is not included on an IFRS basis. This adjustment represents the recognition of future revenues net of expenses calculated based on a set of best estimate assumptions and gross of reinsurance.
- Addition of the risk margin – The addition of the risk margin on a Solvency II basis increases the technical provisions by £247 million compared to the IFRS basis where there is no risk margin.
- The reduction in IFRS and Solvency II technical provisions over 2019 is mainly due to the sale of QLA.

D.2.5 Use of transitionals deduction, matching adjustment, volatility adjustment and transitional arrangements on interest rate

Neither the Group nor any of its insurance subsidiaries make use of the transitionals deduction, the matching adjustment, the volatility adjustment or transitional arrangements on interest rate.

D.2.6 Reinsurance recoverables

Reinsurance recoverables are calculated on the same basis and using the same contract boundary conditions as the best estimate liabilities (gross of reinsurance) described above. Reinsurance recoverables are reported as an asset on the balance sheet. Reinsurance recoverables are adjusted for expected losses due to reinsurer counterparty default.

Following the sale of QLA on 31 December 2019, the Group's reinsurance recoverables are not material.

D.3 Other liabilities

The Group has considered the nature, function, risk and materiality of other liabilities when aggregating other liabilities into material classes in order to describe the valuation bases that have been applied to each class.

D.3.1 Deferred tax liabilities

The deferred tax liability in the Solvency II balance sheet represents the tax payable in future periods in respect of taxable temporary differences on a Solvency II basis. Material differences between the IFRS and Solvency II values include:

- removal of the deferred tax liabilities arising on IFRS intangible assets, deferred acquisition costs, contract costs and contract liabilities; and
- recognition of a deferred tax liability in respect of future profits recognised within the Solvency II technical provisions calculation (net of the risk the margin) which is not included in the IFRS basis.

D.3.2 Other liabilities

Differences between IFRS and Solvency II mainly relate to the consolidation approach under which only balances relating to the consolidated insurance group are recognised on this line, with other non-insurance balances included in participations within the Solvency II balance sheet. Other liabilities also include lease liabilities. Further information on lease liabilities is provided in section D.3.6 Leases.

There are no material differences between the bases, methods and main assumptions used for valuation for Solvency II and those used for IFRS.

D.3.3 Subordinated liabilities

Subordinated liabilities of £207 million comprise the debt security listed on the London Stock Exchange described in section E.1.

Under Solvency II, subordinated liabilities are measured at market value, after removing any increase or decrease in the value as a result of changes in own credit standing after initial recognition. Under IFRS, subordinated liabilities are measured at amortised cost, with the bond set up costs being amortised over the term of the debt. Under IFRS, accrued interest is classified separately from the principal amount of the debt instrument, whereas under Solvency II the amount shown as subordinated debt includes an element attributable to accrued interest.

D.3.4 Any other liabilities, not elsewhere shown

Under IFRS, this line item includes third-party interest in consolidated funds of £7,675 million and contract liabilities of £191 million, neither of which is recognised on the Solvency II balance sheet.

Funds which the Group controls are fully consolidated on a line-by-line basis when preparing the Group's IFRS balance sheet, with third-party holdings in funds recognised as liabilities. Under Solvency II, only the relevant percentage held by the Group is included in the Solvency II balance sheet, as Investments or within Assets held for unit-linked funds. The overall impact on net assets is neutral when comparing the IFRS and Solvency II bases.

Contract liabilities relate to non-refundable front-end fee income, comprising fees received at inception or receivable over an initial period for services not yet provided, and is deferred through the creation of a deferred revenue liability (known as a contract liability since the implementation of IFRS 15) on the IFRS balance sheet and released to income as the services are provided. Under Solvency II, all future cash flows on insurance contracts are considered as part of the calculation of technical provisions and hence contract liabilities are not recognised on the Solvency II balance sheet.

D.3.5 Contingent liabilities

Under Solvency II, material contingent liabilities are recognised as liabilities in the Solvency II balance sheet and are valued on a probability weighted basis.

The Group has disclosed a contingent liability under IFRS in relation to the advice provided by Lighthouse where no complaint has been received. Refer to note 34 on the Quilter plc 2019 Annual Report for more information on contingent liabilities. Lighthouse entities are not consolidated on a line-by-line basis for Solvency II. The Group's holding in Lighthouse is valued as a participation (see also section D.1.5).

D.3.6 Leases

Prior to 1 January 2019, all the Group's leases were classified as operating leases, being leases where the lessor retains substantially all the risks and rewards of the ownership of the leased asset. Following the adoption of IFRS 16 in 2019, the Group recognised assets (the right to use the leased item) in respect of these leases which are offset by lease liabilities at inception (the obligation to pay lease rentals) of a similar value.

Further information about the Group's lease arrangements can be found in note 29(b) of the Quilter plc 2019 Annual Report and in section A.4.3. Lease agreements mainly relate to office space and motor vehicles.

D.4 Alternative methods for valuation

In valuing financial assets and liabilities, the Group follows the fair value hierarchy referred to above. Therefore, assets and liabilities are valued based on a quoted market price from an active market for the same asset or liability if such a price is available. Where this is not possible, the Group uses quoted market prices in active markets for similar assets and liabilities with appropriate adjustments to reflect the differences.

For certain assets held to cover linked liabilities, alternative valuation methods, which utilise market inputs, are used. The total value of these assets of £1,529 million represents around 3% of the assets on the Group Solvency II balance sheet.

Approach to alternative valuation methods

As noted in note 19(a) of the Quilter plc 2019 Annual Report, alternative fair valuation techniques ("valuation techniques using significant unobservable inputs") are used for unlisted equities and securities with significant unobservable inputs, and securities where the market is not considered sufficiently active, including certain inactive pooled investments.

Further details on the judgement as to whether a market is deemed to be active and on the valuation techniques applied to the different categories of financial instruments can be found in note 19 of the Quilter plc 2019 Annual Report.

All Quilter businesses have processes in place to perform reviews of the appropriateness of the valuation of assets with alternative valuation techniques.

Alternative valuation methods used for the consolidated insurance group

For the consolidated insurance group, alternative valuation methods are used for certain assets classified as assets held to cover unit-linked liabilities under Solvency II, including:

- private equity investments, where valuations are performed on an asset-by-asset basis using a valuation methodology appropriate to the specific investment and in line with industry guidelines. Private equity investments are valued at the value disclosed in the latest available set of audited financial statements or, if more recent information is available, from investment managers or professional valuation experts at the value of the underlying assets of the private equity investment;
- assets, which are valued using market prices but where the age of the unit price is beyond its normal pricing frequency; and
- fund holdings, where active trading is suspended and the valuation is based on the last published price (in many cases suspended funds will continue to be regularly priced).

Valuation uncertainty when using alternative methods

Valuation uncertainty is determined by the extent to which unobservable inputs affect the overall valuation of the asset or liability concerned. To address valuation uncertainty, sensitivities to favourable and unfavourable movements in unobservable input parameters are assessed and presented in note 19(f) of the Quilter plc 2019 Annual Report.

The majority of the assets valued using valuation techniques where one or more significant inputs are unobservable are held within linked policyholder funds. Changes in the value of assets held within linked policyholder funds are exactly matched by corresponding changes in the value of liabilities due to policyholders and therefore have no impact on the Group's net asset value or profit or loss, except to the extent that such changes impact on management fees earned and related expenditure.

D.5 Any other information

There is no additional information to disclose for Section D.

Section E
Capital management

Section E. Capital management

E.1 Own funds

E.1.1 Objectives, policies and processes for managing own funds

The Group operates a robust capital management framework to ensure the Group is able to provide a sufficient level of protection for the customer, to meet applicable regulatory requirements (in particular the Solvency II Directive and CRD IV) and shareholder expectations. This framework covers the determination of capital requirements and own funds, capital planning processes, stress and scenario testing, capital monitoring and performance. Ultimate responsibility for the governance of solvency, capital and dividend decisions rests with the Quilter plc Board.

As a part of the Group's managed separation from Old Mutual plc and its independent listing as a standalone group, Quilter established an appropriate group risk appetite framework and dividend policy, and ensured that the Group's balance sheet (in terms of capital, liquidity and leverage) was strong enough to support this risk appetite.

A long-term solvency target was established for the Group, sufficient to withstand a range of extreme scenarios (such as an extreme economic downturn) while continuing to provide funding for key strategic initiatives (such as the Platform Transformation Programme) and providing capital support to keep all the regulated entities above their regulatory capital requirements. Under each of these extreme scenarios, the Group continues operating viably and maintains a solvency ratio above the Group risk appetite limit throughout a three-year business planning period, after allowing for any management actions.

Each regulated entity has sufficient capital and liquidity resources to meet the solo regulatory capital requirements for the entity, together with a capital buffer to protect against significant stress events defined within the solo risk appetites, without any support from the Group other than to fund the business critical strategic initiatives. The Group has a balance sheet that is able to provide capital support to the solo entities in excess of their individual solo risk appetites. The group-wide capital management policy ensures that surplus capital (above solo entities' internal targets) is remitted to the parent holding company, which enables capital to be deployed and managed more efficiently across the Group.

Estimates of the Group and solo Solvency II ratios, projections and sensitivities are produced regularly in order to understand the impact of significant internal and external events on the solvency position, and to ensure that the Group Solvency II position remains within the Group's risk appetite.

Any surplus capital above the solo target capital requirement is paid as a dividend from the regulated entities to their parent companies, subject to the availability of distributable reserves, maintaining a sufficient level of liquidity and the medium-term capital requirements of the business. When assessing the medium-term capital requirements of the business, the capital and liquidity position of the Group and the individual entities are projected over a three-year period, taking into consideration future projected profits, restrictions on the movement of capital and cash, and known or anticipated changes in the capital and liquidity requirements of the business.

The actual capital and liquidity positions for the Group and the solo regulated entities are monitored monthly through the Capital Management Forum ("CMF"). On a quarterly basis, the actual solvency and liquidity positions are reported against their risk appetite to the solo Boards and the Group Board Risk Committees.

The CMF, acting under the delegated authority of the Chief Financial Officer, is responsible for reviewing and monitoring the adequacy of capital and liquidity within the Group and the businesses, and meets on a monthly basis. Examples of areas that would typically be considered by the CMF include reviewing capital/liquidity stress testing, reviewing capital targets, monitoring credit risk exposures and reviewing capital plans. The CMF is an executive level group of senior management representatives from each of the regulated entities and the Group Finance function. The CMF, together with the CFOs and Boards of the solo entities will discuss, agree and make recommendations and provide management information to the Quilter Chief Financial Officer, and Chief Executive Officer in performing their responsibilities including the effective discharge of the relevant control functions and Senior Managers and Certification Regime requirements. The CMF is not a formal Board committee.

The Group will maintain a disciplined approach to capital and liquidity, in order to balance its current and anticipated liquidity, regulatory capital and investment needs, with a view to returning excess capital to shareholders as appropriate. As part of its disciplined approach to capital and liquidity, the Group has a prudent capital management and liquidity policy.

In February 2018, the Group issued a £200 million subordinated debt security in the form of a 10 year Tier 2 bond with a one-time issuer call option after five years, to J.P. Morgan Securities plc, paying a semi-annual coupon of 4.478% per annum (the "Tier 2 Bond"). The bond was subsequently sold to the secondary market and listed and regulated under the London Stock Exchange. In addition, the Group entered into a £125 million revolving credit facility which remains undrawn and is being held for contingent funding purposes.

The subordinated debt security and the revolving credit facility are in place to ensure that the Group has sufficient capital and liquidity to maintain strong capital ratios and free cash balances to withstand severe but plausible stress scenarios. The full amount of the subordinated debt security remains outstanding as at 31 December 2019, representing a leverage ratio of 12% (defined as the ratio of debt to debt plus the consolidated IFRS equity after deducting the intangible assets) before the payment of the proposed final dividend.

As part of the drive for greater efficiency, and in line with Group's desire to act in the best interests of all shareholders, the Group intends to launch an Odd-lot Offer for shareholders registered on the London and Johannesburg Stock Exchanges. The Odd-lot Offer entails Quilter making an offer to eligible shareholders (holders of less than 100 shares) to repurchase their shares at a 5% premium to the market price. The proposed Odd-lot Offer will reduce the complexity and cost to Quilter of managing the shareholder base and will allow investors holding small numbers of shares to dispose of their holdings in a timely and cost effective manner. The Odd-lot Offer expects to reduce Group own funds by approximately £30m once fully enacted.

Following the completion of the sale of QLA to Reassure Group plc, the Quilter Board intends to return the full net surplus sale proceeds (after disposal costs) of £375 million to shareholders through a share buyback programme. The first tranche of share buyback commenced on the London and Johannesburg exchanges in March 2020. Further tranches will be subject to staged Board and regulatory approvals. The Board will keep the programme under review to make sure it continues to be the most efficient and effective means of returning capital to shareholders.

Since the start of 2020 the COVID-19 pandemic has resulted in falls in global equity markets. In response to this, the Group has reviewed capital targets for the regulated entities and has established a subgroup of the CMF to monitor market levels on a daily basis and consider appropriate management actions to mitigate the impact of COVID-19.

On 2 April 2020, the EIOPA published a statement setting out its expectations of those considerations that the boards of insurers should consider when contemplating dividend payments and capital returns to shareholders. In this note, EIOPA recommended that insurance company boards should consider temporarily suspending all discretionary dividend distributions and share buybacks aimed at remunerating shareholders. A similar, but not identical view was also expressed by the PRA "Dear CEO" letter emphasising the need to protect policyholders and maintain safety and soundness when boards consider any distributions to shareholders. The Group has carefully considered its long-term financial strength including projections of liquidity and solvency under the prolonged market stresses and its ability to withstand such market stresses, giving due consideration to policyholder protection and its internal risk appetite statement. This is consistent with the principles set out in the PRA Supervisory Statement 4/18 on financial management and planning by insurers.

As the Group has taken account of the market impact within all its risk appetite assessments, the Group is able to continue to follow its capital strategy, including the Odd-lot Offer, the share buyback programme and the final dividend for the 2019 financial year at the time of publishing this document. The impact of the COVID-19 pandemic and market volatility will be monitored regularly and factored into any future decision with respect to the Group capital plans.

E.1.2 Group own funds position at 31 December 2019

As at 31 December 2019, Group Solvency II own funds total £2,132 million (2018: £2,237 million) corresponding to a Group Solvency II ratio of 221% (2018: 190%). These eligible own funds have decreased mainly due to corporate activity in the year. The acquisition of Charles Derby Group, Lighthouse Group plc and Prescient had a negative effect on the Group own funds. The goodwill and intangible assets arising from these acquisitions are not recognised within the Solvency II own funds. The costs incurred by the strategic initiatives such as the PTP and Optimisation Programme have also reduced the own funds. This is partly offset by gain in own funds resulting from the sale of QLA. Note that the Group Solvency II position is presented after deducting the proposed final dividend payment to shareholders announced in March 2020 of £65 million.

The reported Group Solvency II own funds as at 31 December 2019 is presented before any deductions for the anticipated share buybacks of £375 million and Odd-lot Offer of c.£30 million expected to take place in 2020. The planned return of capital to shareholders does not fall into the 'foreseeable dividend' category and hence is not deducted from the own funds figure.

E.1.3 Composition and classification of own funds

The Group applies Method 1 (accounting consolidation based method) as referred to in Article 230 of the Solvency II Directive to calculate the Group solvency position. The own funds items are classified by the regulations and split into tiers depending on factors such as quality, liquidity and timeline to availability when liabilities arise. The Group's Tier 1 own funds includes share capital, share premiums and reconciliation reserves. The Tier 2 own funds includes subordinated liabilities.

The tables below show the composition of own funds by tier as at 31 December 2019 and as at 31 December 2018.

£m	2019				2018			
	Total	Tier 1	Tier 2	Tier 3	Total	Tier 1	Tier 2	Tier 3
Ordinary share capital	133	133	-	-	133	133	-	-
Share premium reserve	58	58	-	-	58	58	-	-
Subordinated liabilities	207	-	207	-	201		201	-
Reconciliation reserve	1,734	1,734	-	-	1,845	1,845	-	-
Total eligible own funds to meet the Group SCR	**2,132**	**1,925**	**207**	**-**	**2,237**	**2,036**	**201**	**-**

At 31 December 2019, the total Group Solvency II own funds consist of £1,925 million of unrestricted Tier 1 capital resources and £207 million Tier 2 capital. The Tier 2 amount consists entirely of Quilter plc subordinated liabilities and does not incorporate any instruments issued by subsidiary businesses.

The Group has ordinary share capital of £133 million and a share premium reserve of £58 million. Share capital consists of 1,902,251,098 ordinary shares of 7p each with an aggregated nominal value of £133,157,577 (2018: 1,902,251,098 ordinary shares of 7p each with an aggregated nominal value of £133,157,577). Share premium represents the amount by which the proceeds Quilter plc received for the shares issued exceeded the nominal value of the shares.

Subordinated liabilities of £207 million (2018: £201 million) comprise the debt security listed on the London Stock Exchange described above.

The reconciliation reserve is calculated as the excess of assets over liabilities from the Solvency II balance sheet less other basic own funds items (ordinary share capital and share premium) less any foreseeable dividend and fungibility deductions.

There are a small number of fungibility deductions totalling £67 million relating to the restriction on the availability of Quilter International Isle of Man Limited's surplus own funds, deferred tax assets from UK insurance service and holding companies and the participation value of a service company domiciled in South Africa.

The Group and its insurance subsidiaries have no ancillary own funds and no Tier 3 own funds.

Intragroup transactions between entities included in the consolidated insurance group are eliminated on consolidation when preparing the Group's Solvency II balance sheet. Where entities consolidated on a line-by-line basis hold investments in the Group's asset management and advisory businesses, these investments are eliminated and replaced with the own funds of the asset management and advisory entities on a sectoral basis.

The Group has not placed reliance on the use of transitional measures as set out in the Solvency II Directive and has not applied for the use of the matching adjustment or the volatility adjustment mechanism.

E.1.4 Reconciliation between Group Solvency II own funds and IFRS equity

The IFRS accounting basis is used as the starting point for our Solvency II balance sheet. The table below presents the reconciliation between IFRS equity and Solvency II own funds (post fungibility restriction).

IFRS equity compared to Group Solvency II own funds	31 December 2019 £m	31 December 2018 £m
IFRS equity	2,071	2,005
Revaluation of technical provision (net of deferred tax)	801	985
Removal of goodwill and intangibles	(592)	(550)
Removal of deferred acquisition costs ("DAC"), contract costs and contract liabilities	(264)	(336)
Removal of deferred tax on intangibles, DAC and contract costs/liabilities	27	43
Revaluation of subordinated debt	(6)	-
Investment business adjustments	21	(3)
Solvency II net assets	**2,057**	**2,144**
Inclusion of subordinated debt	207	201
Fungibility restriction	(67)	(48)
Deduction of foreseeable dividends	(65)	(61)
Total Group Solvency II own funds	**2,132**	**2,237**

Revaluation of technical provision (net of deferred tax)

Technical provisions are valued as the best estimate of future cash flows plus a risk margin.

Removal of goodwill and intangibles

Goodwill and intangibles are assets that are recognised under IFRS, however are valued at nil under Solvency II. DAC, contract costs and contract liabilities are also excluded from the Solvency II balance sheet.

Revaluation and reclassification of subordinated debt

Under Solvency II, Quilter plc's subordinated debt qualifies as capital.

Under IFRS, the subordinated debt is valued at amortised cost and hence its valuation does not change due to changes in interest rates. Under Solvency II, the debt is valued at market value and hence its valuation changes with changes in interest rates (removing any increase or decrease in the value as a result of changes in the Group's own credit standing after initial recognition).

Fungibility restrictions

Fungibility restrictions mainly result from part of Quilter International Isle of Man Limited's surplus being restricted to reflect that under the local Isle of Man solvency regime, the surplus own funds amount is lower than that on the Solvency II basis and the deferred tax assets in the central service and holding companies, which are not considered available to absorb losses.

Fungibility restrictions increased during 2019 by £19 million, mainly due to differences between how the local Isle of Man capital regime and the Solvency II regime model the mass lapse risk.

E.1.5 Available and eligible own funds

The Group's available and eligible own funds are set out in the sections below.

E.1.5.1 Available own funds

The availability of own funds relates to the ability of capital resources located in one entity in the Group to absorb losses that arise in another Group entity. In line with Article 330 of the Delegated Regulation (EU) 2015/35, the following criteria are used when considering the availability of own funds to the Group:

- whether the own fund item is subject to legal or regulatory requirements that restrict the ability of that item to absorb all types of losses wherever they arise in the Group;
- whether there are legal or regulatory requirements that restrict the transferability of assets to another entity in the Group; and
- whether making those own funds available for covering the Group solvency capital requirement would not be possible within a maximum of nine months.

The Group fungibility deduction of £67 million comprises:

- a £37 million deduction for the Quilter International Isle of Man Limited surplus to reflect that on the local Isle of Man solvency regime, the surplus own funds amount is lower than that on the Solvency II basis;
- a £27 million deduction for the deferred tax assets in service and holding companies in line with Article 330 (availability at group level of the eligible own funds of related undertakings) of the Solvency II Delegated Regulations (EU) 2015/35; and
- a £3 million participation value in Global Edge Technologies (Pty) Limited, a subsidiary of Quilter plc domiciled in South Africa, where there are currency controls in place.

E.1.5.2 Eligible own funds to meet SCR

To meet the Consolidated Group SCR requirements, Article 82 (Eligibility and limits applicable to Tiers 1, 2 and 3) of the Solvency II Delegated Regulation (EU) 2015/35 requires that limits are imposed upon the eligible amounts of Tier 2 and Tier 3 items, which are as follows:

- eligible Tier 1 items shall be at least 50% of the SCR;
- eligible Tier 3 items shall be no more than 15% of the SCR;
- the sum of eligible Tier 2 and eligible Tier 3 items shall be no more than 50% of the SCR; and

- within these limits, the sum of paid in preference shares (and the related share premium account) and paid in subordinated liabilities classified as Tier 1 shall represent no more than 20% of the total amount of Tier 1 items. Items exceeding this limit are reclassified to Tier 2.

The Group only has unrestricted Tier 1 and Tier 2 own funds items at 31 December 2019.

For the SCR eligibility criteria, the eligible amounts of Tier 2 items for the Group do not exceed 50% of the Group SCR. Hence there is no eligibility restriction when calculating the ratio of eligible own funds to the Consolidated Group SCR at 31 December 2019. 31 December 2019 £m	**Total**	**Tier 1**	**Tier 2**	**Tier 3**
Total eligible own funds to meet the Group SCR	**2,132**	1,925	207	-

E.1.5.3 Eligible own funds to meet minimum solvency capital requirements

To meet minimum consolidated group solvency capital requirement ("MCGSCR") requirements, Article 82 requires that the limits are imposed upon the eligible amounts of Tier 2 items, which are as follows:

- eligible Tier 1 items shall be at least 80% of the MCGSCR;
- eligible Tier 2 items shall be no more than 20% of the MCGSCR
- within these limits, the sum of paid in preference shares (and the related share premium account) and paid in subordinated liabilities classified as Tier 1 shall represent no more than 20% of the total amount of Tier 1 items (Note that items exceeding this limit are reclassified to Tier 2); and
- tier 3 items are not eligible to cover the MCGSCR.

For the MCGSCR eligibility criteria, the eligible amount of Tier 2 shall not exceed 20% of the Group's MCGSCR of £247 million. This has resulted in a £157 million restriction on Tier 2 own funds when calculating the ratio of eligible own funds to MCGSCR at 31 December 2019.

Also by definition, the total amount of eligible own funds to meet the MCGSCR is after deductions for participations in other financial undertakings, such as the non-regulated undertakings carrying out financial activities. This participation value amounts to £424 million for the Group.

31 December 2019 **£m**	**Total**	**Tier 1**	**Tier 2**	**Tier 3**
Basic own funds before deductions	2,132	1,925	207	-
Deduction for participations in other financial undertakings	(424)	(424)	-	-
Eligibility restriction on MCGSCR	(157)	-	(157)	-
Total eligible own funds to meet the MCGSCR	**1,550**	**1,501**	**49**	**-**

E.2 Solvency Capital Requirement ("SCR") and Minimum Capital Requirement ("MCR")

This section provides information on the Group's solvency capital requirement and minimum consolidated group solvency capital requirement at 31 December 2019.

E.2.1 Calculation of Group SCR

The Group applies Method 1 (the accounting consolidation-based method) as referred to in Article 230 of the Solvency II Directive to calculate the Group solvency position. The Group SCR is calculated by applying the Standard Formula to the consolidated data of all insurance entities and certain holding companies and service companies, allowing for diversification benefits between the risk modules and between entities.

The insurance entities included in the consolidation are:

- Old Mutual Wealth Life & Pensions Limited;
- Quilter International Ireland dac; and

- Quilter International Isle of Man Limited.

The capital requirements for the Quilter asset management and advisory entities are included in the Group SCR based on the sectoral rules within the EU Capital Requirements Directive.

Risk modules	31 December 2019 £m	31 December 2018 £m	Change
Market risk	341	451	(110)
Counterparty default risk	31	26	5
Life underwriting risk	465	593	(128)
Total before diversification	**837**	**1,071**	**(234)**
Diversification	(185)	(232)	47
Basic solvency capital requirement	**652**	**839**	**(187)**
Operational risk	33	52	(19)
Loss absorbing capacity of deferred taxes	(83)	(44)	(39)
Other financial sector entities	362	331	31
Group solvency capital requirement	**964**	**1,178**	**(214)**

The Group SCR as at 31 December 2019 is £964 million (2018: £1,178 million). It has decreased by £214 million over 2019 due to the sale of QLA. Excluding the effect of QLA, the Group SCR would have increased over 2019. The Group calculates the SCR based on the Standard Formula which prescribes the levels of stresses applied for risks.

Excluding the effect of the sale of QLA, the SCR for the market risk module has increased mainly due to the equity market gain over 2019, which has resulted in the following impacts:

- the strong equity market performance has affected the Standard Formula equity dampener adjustment, which has raised the equity stresses applied under the equity risk shocks for both Type 1 and Type 2 equities relative to year end 2018; and
- the higher equity market has resulted in higher projected future asset-based revenues that are exposed to market risks.

The latter has also resulted in an increase in the life underwriting lapse risk SCR. Excluding the impact of the sale of QLA, the expense risk SCR has increased in 2019 following the strengthening of the best estimate maintenance expense per policy assumptions for most businesses.

The counterparty default risk SCR has increased mainly due to an increase in cash balances as a result of the QLA sale proceeds. There is no material movement in the operational risk SCR excluding the impact of the sale of QLA.

The diversification benefit within the SCR calculation is determined based on the relative sizes of the risks and the correlation assumptions between them. The Standard Formula prescribes the correlation factors within the risk modules and between the risk modules. There are two levels of diversification within the Group's SCR calculation:

- intra-risk module diversification exists within the market risk module, the life underwriting risk module and the counterparty default risk module, e.g. within the market risk module, diversification benefit exists between the equity risk and interest rate risk. The SCR for each risk module shown in the above table is stated after the deduction of this diversification. It amounts to a total of £(182) million across all three modules; and
- inter-risk module diversification exists between the market risk module, the life underwriting risk module and the counterparty default risk module. This amounts to £(185) million and is shown separately in the table above.

The diversification benefit has reduced over 2019 in line with the reduction in the sum of the standalone risk capital before diversification effect, driven by the sale of QLA.

There are net deferred tax liabilities on the Group Solvency II base balance sheet as at 31 December 2019. The following individual deferred tax assets are netted against deferred tax liabilities within the OMWLP balance sheet based on the relevant IFRS accounting standard (IAS12):

- £22 million DTA on the Risk Margin introduced by Solvency II;
- £6 million DTA relating to historic trading losses brought forward;
- £6 million DTA relating to deferred acquisition expenses (spread over 7 years for tax purposes); and
- less than £1 million DTA relating to a rectification provision which will become tax deductible when utilised.

All of the DTAs are recoverable through the reversal of taxable temporary differences on which the DTL is recognised on the Solvency II base balance sheet.

The loss absorbing capacity of deferred taxes ("LACDT") reduces the Group SCR by £83 million at 31 December 2019. The amount of LACDT represents the reduction in its Solvency II balance sheet DTL to nil under the 1-in-200 year stressed scenarios. Quilter has not recognised any net deferred tax assets or any tax carry backs under the 1-in-200 year stressed scenarios for the purpose of assessing the amount of LACDT.

The increase in LACDT in 2019 (2018: £44 million) is due to the rise in the Solvency II base balance sheet DTL. This is primarily due to the increase in the equity markets which in turn increases the policyholder DTL on the business that is subject to life office taxation. This is partly offset by a reduction due to the sale of QLA.

E.2.2 Calculation of Minimum Consolidated Group SCR

The MCGSCR is calculated as a floor to the Group SCR for the Method 1 consolidated insurance group. This is calculated as the sum of:

- Solvency II Minimum Capital Requirement ("MCR") for all EEA and UK Method 1 entities (i.e. OMWLP and Quilter International Ireland dac), calculated using a formulaic approach (based on items such as technical provisions and premiums), which is subject to a minimum of 25% of the solo SCR and a maximum of 45% of the solo SCR; and
- local capital requirements, at which the authorisation would be withdrawn, for all Method 1 entities outside of the EEA and UK (i.e. Quilter International Isle of Man Limited). For Quilter International Isle of Man, the MCR is determined as 35% of the local SCR calculated on the Isle of Man regulatory solvency basis.

As at 31 December 2019, Quilter's MCGSCR totals £247 million (£310 million at 31 December 2018), corresponding to a coverage ratio of 627% when compared to the Group own funds eligible to meet the MCGSCR. The reduction in Quilter's MCGSCR over 2019 is mainly due to the sale of QLA.

E.2.3 Other information on the calculation of SCR

At 31 December 2019, the Group and its EEA and UK subsidiaries are not required to hold a capital add-on in excess of the calculated SCR position. The Group and its EEA and UK subsidiaries do not utilise any undertaking specific parameters or any simplified calculation options when calculating the SCR.

E.3 Use of duration-based equity risk sub-module in the calculation of SCR

The Group and its insurance subsidiaries have not applied the duration-based equity risk sub-module in the calculation of the SCR.

E.4 Difference between the standard formula and any internal model used

No internal model or partial internal model has been used in the calculation of the SCR for the Group and its insurance subsidiaries.

E.5 Non-compliance with the MCR and SCR

The Group has maintained own funds in excess of both the SCR and the MCGSCR throughout 2019. In addition, each of the Group's insurance subsidiaries has maintained own funds in excess of the relevant MCRs and SCRs throughout 2019.

E.6 Any other information

Appendix F.1 contains further information on OMWLP.

Appendix F.1
Old Mutual Wealth
Life & Pensions Limited

Appendix F.1 Old Mutual Wealth Life & Pensions Limited solo SFCR disclosures

Solo SFCR disclosures

This appendix provides further information relating to OMWLP to supplement the information contained in the body of the Group SFCR. The appendix is structured based on the standard headings and subheadings used in the body of the Group SFCR. Subsections are omitted where there is no further information to disclose.

Contents:

Section A. Business and performance

A.1 Business

A.1.1 Name and legal form of the undertaking

Old Mutual Wealth Life & Pensions Limited ("OMWLP" or "the Company")

OMWLP is a private limited company within the Quilter plc Group.

A.1.2 Name and contact details of the supervisory authorities

Details of the supervisory authorities for OMWLP and its ultimate holding company Quilter plc are detailed in section A of the Group SFCR.

A.1.3 Qualifying holdings in the undertaking

For details of qualifying Holdings in the Group please refer to Section A.1.5 of the body of the Group SFCR.

A.1.4 Solvency II reporting currency

OMWLP reports on a Solvency II basis in GBP

A.1.5 OMWLP position within the legal structure of the Group

The legal structure of the Group can be found in section A.1.11.of the body of the Group SFCR. The location of the immediate parent undertaking is as follows:

Old Mutual Wealth UK Holding Ltd
Old Mutual House
Portland Terrace
Southampton
SO14 7EJ

A.1.6 OMWLP lines of business

OMWLP offers two products which are sold 100% into the UK, the CRA (platform pension product) and the Collective Investment Bond ("CIB") (platform UK bond product). The following table provides a summary of the in-force business for OMWLP, as at 31 December 2019.

Product Category	No. of plans in force	Unit reserves £000
Collective Retirement Account	192,167	27,777,947
Collective Investment Bond	31,187	4,104,280
Total	223,354	31,882,227

A.1.6.1 Collective Retirement Account (CRA)

The CRA is a flexible unit-linked pension product which accepts single and regular premiums and may be used by the policyholder to provide regular and ad hoc drawdown income during their retirement.

A.1.6.2 Collective Investment Bond (CIB)

The CIB is a single premium unit-linked whole of life assurance contract available on a single life or joint life, last death basis. Customers can select a capital protected death benefit. In this case the payment on death of the life assured is the higher of the total premiums paid less any withdrawals made and 101% of the bond value.

A.1.7 Significant changes over the reporting period

A.1.7.1 Product range changes

New products

No new products were launched during 2019.

Product design changes

There were no product design changes introduced in 2019.

A.1.7.2 Company structure and changes

The Company forms part of the UK Platform which forms part of the Quilter Wealth Platforms division within Quilter plc Group ("the Group"). Quilter plc is the ultimate parent company and delivers strategic and governance oversight. Quilter plc's ordinary shares are listed on the London and Johannesburg Stock Exchanges. Since its Initial Public Offering (IPO) in June 2018, the Group's businesses have progressively rebranded to Quilter. The UK Platform will be the final business to rebrand.

A.2 Underwriting performance

A.2.1 Underwriting performance over the period

The internal measure of profit is the International Financial Reporting Standards (IFRS) adjusted profit (IFRS AP). IFRS AP reflects the directors' view of the underlying performance of OMWLP and is a measure of profitability which adjusts the standard IFRS profit measure to remove specific non-operating items. AP excludes items which are one-off and, due to their size or nature, are not indicative of the long-term operating performance of OMWLP. These items are analysed in section A.4 of this appendix.

The underwriting performance of OMWLP in relation to unit-linked insurance business is included within the table below. The data in this table combined with the 'Investment Performance' table (Section A.3.1 of this appendix) comprises IFRS pre-tax AP.

	31 December 2019 £000	31 December 2018 £000
Premiums earned		
Gross	10	7
Reinsurers' share	(13)	(4)
Net	(3)	3
Claims incurred		
Gross	(317)	(381)
Reinsurers' share	-	-
Net	(317)	(381)
Underwriting performance	(320)	(378)

Underwriting performance arises on the CIB product. All business is transacted within the United Kingdom.

In the context of the business carried out by OMWLP, the premiums and claims transactions on insurance business recorded within the IFRS income statement are immaterial. Premiums relate to life cover, protecting the policyholder against the event of the bond value falling below the initial investment value. This arrangement is an option for those policyholders who wish to guarantee that the value of their bonds do not fall below initial investment value. Net premium variances on prior period are impacted by timing differences relating to the recording of reinsurance payables.

Claims include the 1% life assurance benefit on this product (which is not reinsured), for which OMWLP does not charge a direct premium, consequently there is an apparent disparity between premiums and claims in the above table.

A.3 Investment performance

A.3.1 Income and expenses arising from investments over the reporting period

Investment income and expenses of OMWLP are shown in the table below:

	31 December 2019 £000	31 December 2018 £000
Investments for the benefit of policyholders		
Fee income	103,830	102,278
Change in contract liabilities	57	151
Total policyholders	103,887	102,429
Investing activities		
Interest received	3,031	2,836
Gains and losses	519	859
Total shareholders	3,550	1,977
Expenses	(66,573)	(66,813)
Income less expenses	40,864	37,593

Fee income

Fees charged for managing investment contracts comprise fees taken both on inception and throughout the life of the contract. All fee income is recognised as revenue in line with the provision of investment management services. Fee income is higher in 2019 due to the increase in assets under administration ("AuA") attributable to policyholders caused by positive NCCF and market movements.

Change in contract liabilities

Fee income, comprising fees received at inception or receivable over an initial period of the policy are not reported in the income statement immediately. Instead they are deferred through the creation of a contract liability on the statement of financial position and released to income as services are provided over the term of the policy. Equal service provision is assumed over the lifetime of the contract and, as such, the deferred fees are amortised on a linear basis over the expected life of the contract. The contract liability principally comprises fee income already received in cash which will be recovered from policyholder plans over their estimated lives. This is an accounting adjustment required under IFRS which ensures that income received is recognised in the income statement in line with provision of services to the policyholder. The contract liability is reducing in line with the run off of the in-force book of business.

Shareholder income

Shareholder income represents interest received on cash and cash equivalents, and gains/losses on fixed income government securities.

Allocated expenses

Administration expenses are allocated between investment products and insurance products based on appropriate allocation drivers such as the number of policies in force.

A.3.2 Gains and losses recognised directly in equity over the reporting period.

There were no gains and losses recognised directly in equity over the reporting period.

A.3.3 Investments in securitisation over the reporting period.

OMWLP has no exposure to investments in securitisation.

A.4 Performance of other activities

The 2019 IFRS AP result consists of OMWLP's underwriting and investment performance as described above - there were no other activities undertaken by OMWLP. However, as discussed in section A.2, AP excludes items which are one-off and, due to their size or nature, are not indicative of the long-term operating performance of OMWLP. The reconciliation between AP and IFRS profit before tax is as follows:

	31 December 2019 £000	31 December 2018 £000
Pre-tax Adjusted Profit	40,544	37,215
Platform transformation spend	(28,428)	(28,436)
Income tax attributable to policyholders	98,611	(60,856)
Policyholder tax smoothing adjustment	(62,363)	65,028
Pre-tax IFRS Profit	**48,364**	**12,951**

Policyholder tax smoothing adjustment represents adjustments to policyholder tax to remove distortions arising from market volatility and other non-operating items that can in turn lead to volatility in policyholder tax between periods.

Income tax attributable to policyholders is reported as a pre-tax item within adjusted profit but as a post-tax item under IFRS. The variance to prior year is primarily a result of significant market gains in 2019 compared with market losses in 2018.

A.5 Any other information

The Company has embarked on a significant programme to develop new platform capabilities and to outsource UK business administration. This involves replacing many aspects of the existing UK Platform and on completion certain elements of service provision will be migrated to FNZ under a long-term outsourcing agreement.

In partnership with FNZ, the Company expects to deliver all the existing functionality of the platform with increased levels of straight-through processing and enhanced functionality for new business and to migrate the in-force business during 2020. The new platform is intended to support the Company's own and third party advisers and customers. It will build its key strengths, fill proposition gaps and allow the Company to continue to innovate. It will offer a wider product and investment range to customers and will significantly improve the online customer portal, providing greater accessibility and functionality.

For advisers, the Company will ensure the retention of key experience differentiators such as the ease of use of our online portals, the level of technical support and quality of service. The Company will also add and enhance the offering in areas important to advisers such as improved back office integration to adviser systems, enhanced discretionary fund management functionality and improved client data reporting.

Section B. System of governance

B.1 General information on the system of governance

For the system of governance for OMWLP, please see section B of the Group SFCR.

B.1.1 OMWLP Board of Directors

Members of the OMWLP Board who served during the year ended 31 December 2019 were as follows:

Name	Role	Date of joining/leaving board
Steven Levin	Chief Executive	Appointed 29 October 2015
Annette Barnes	Non-executive Director	Appointed 9 December 2019
John Gill	Non-executive Director	Appointed 10 July 2018
Scott Goodsir	Executive Director	Appointed 14 July 2014
George Reid	Non-executive Director	Appointed 8 November 2017
David Still	Executive Director	Resigned 31 December 2019
Simon Wood	Executive Director	Appointed 12 September 2017

B.1.2 Roles and duties of the OMWLP Board

The roles and duties of the OMWLP Board are as follows:

- The OMWLP Board will act independently in delivering the business strategy and objectives. Directors are expected to add real value to the businesses, through their knowledge and experience of the business of each subsidiary and to have the ability to identify risks and provide robust challenge. The Quilter Board will place reliance on the assurance provided by the OMWLP board;
- The OMWLP Board is required to hold executives to account in respect of business performance, the identification and mitigation of key risks, regulatory responsibility and customer outcomes and to support the delivery of the business' strategy within the context of the overall Quilter strategy;
- On the rare occasion when the interests of Quilter and OMWLP diverge, the Quilter plc Board is committed to being respectful of the OMWLP Board and to working constructively with them to find an appropriate solution and to ensure that Quilter does not exert undue influence over the decision making of the Company; and
- The OMWLP Board is required to identify potential conflicts of interest with its parent and ensure that these are appropriately managed particularly if this is likely to impact the safety and soundness of the Company. With the exception of these areas, the OMWLP Board is expected to demonstrate an independent approach whilst supporting the agreed Group strategy.

Whilst strategy is set by the Quilter Board and reliance is placed on the OMWLP board to oversee delivery of the strategy, input from the OMWLP board is sought on its business-level strategy. The OMWLP board should promote strategic developments that puts customers at the heart of the business and promotes long-term sustainable value creation.

B.1.3 Key functions

In identifying the key functions within OMWLP, consideration was given to those functions whose operation, if not properly managed and overseen could, depending on the nature and complexity of the business, potentially lead to significant losses being incurred, or to a failure in the ongoing ability of the firm to meet its obligations to policyholders, together with those that are mandatory for dual regulated firms.

The mandatory key functions are Actuarial, Risk Management, Compliance and Internal Audit.

In addition, OMWLP has assessed the additional key functions that either effectively run the business or functions which are of specific importance to its sound and prudent management, including all Senior Management Functions. The key functions of OMWLP and the responsibilities of the key functions are set out in the following table, along with the regulatory control functions performed by the individuals, where relevant.

Key function	Responsibility	Role	Name	SMCR Senior Management Function
Chief Executive	Has delegated authority from the Board for the day-to-day management of the whole of the business of the firm.	Chief Executive Officer (CEO)	Steven Levin	SMF1
Finance	For the sound and prudent management of the business by managing the financial resources and capital and liquidity positions.	Chief Financial Officer (CFO)	Simon Wood	SMF2
Marketing	This function includes design and production of marketing materials, branding and financial promotions within its remit.	Chief Marketing Officer	Michelle Andrews	SMF18 (1)
Risk Management	A description of the risk management system is provided in section B.3.	Chief Risk Officer (CRO)	John Wilkinson	SMF4
Actuarial	The responsibilities of the Actuarial Function are set out in section B.7.1.	Group Risk and Actuarial Director	Andrew Tuddenham	SMF20
Compliance	The responsibilities of the Compliance Function are set out in section B.5.2.	Chief Risk Officer (CRO)	John Wilkinson	SMF16
Operations	Overall responsibility for the day-to-day operations of the firm in relation to Customer Services.	UK Platform Chief Operating Officer (COO)	Simon Wood (from 22 March 2019) Previously Lynzi Harrison (2)	SMF24
IT & IT Change	Key Function Holder for Information Technology and Change within the firm delivered by Group Technology Services (GTS). Leading the Technology and IT Change functions across Old Mutual Investment Platform, ensuring IT service provision and change delivery is fully aligned to enable and deliver the Quilter business strategy and meet business as usual service demands.	UK Platform & Heritage Chief Information Officer	Adam Warwick	SMF24
Human Resources	For Fitness & Propriety, recruitment and performance management.	Human Resources Director	Paul Hucknall	SMF18
Financial Crime	The identification of the key Financial Crime risks applicable to the firm and development of effective and proportionate controls to mitigate these risks.	Money Laundering Reporting Officer (MLRO)	Matthew Whitmarsh	SMF17
Internal Audit	The responsibilities of the Internal Audit Function are set out in section B.6.1.	Chief Internal Auditor	Nick Sacre Hardy (from 1 May 2019) Previously Matthew Burton	SMF5
Chair of Governing Body	Chairing, and overseeing the performance of the governing body.	Chair of OMIP Board	George Reid	SMF9
Chair of the Risk Committee	Chairing and overseeing the performance of the Risk Committee responsible for the oversight of the risk management system.	Chair of the Governance Audit and Risk Committee	John Gill	SMF10
Chair of the Audit Committee	Chairing and overseeing the performance of the Audit Committee responsible for the oversight of the internal audit function.	Chair of the Governance Audit and Risk Committee	John Gill (from 1 February 2019) Previously George Reid	SMF11
Executive Director	Representing the business interests at the Board of the regulated entity.	Managing Director, UK Distribution Managing Director, Heritage	Scott Goodsir David Still	SMF3
Chairman	Responsibility for chairing, and overseeing the performance of the Quilter plc governing body.	Chair of Quilter plc Board	Glyn Jones	SMF7
Group Chief	Has delegated authority from the	Quilter Chief Executive	Paul Feeney	SMF7

Key function	Responsibility	Role	Name	SMCR Senior Management Function
Executive	Quilter plc Board for the overall management of the businesses in the whole Group.	Officer (CEO)		
Group Operations	This function provides strategic direction to business operational teams to discharge their responsibilities.	Quilter Chief Operating Officer (COO)	Karin Cook	SMF7
Group Risk	A description of the risk management system is provided in section B.3.	Quilter Chief Risk Officer (CRO)	Matthew Burton (from 1 May 2019) Previously Iain Wright (3)	SMF7
Group Finance	For the sound and prudent management of the Group by managing the financial resources and capital and liquidity positions.	Quilter Chief Financial Officer (CFO)	Mark Satchel (from 13 March 2019) Previously Timothy Tookey	SMF7
Group Finance	This function includes capital and liquidity management, M&A activity, Quilter corporate treasury activity.	Corporate Finance Director (4)	Mark Satchel until 13 March 2019 (4)	SMF7
Chair of the Remuneration Committee	Responsibility for overseeing the development of, and implementation of, the firm's remuneration policies and practices.	Chair of the Quilter plc Remuneration Committee	Catherine Turner	SMF12
Chair of the Nomination Committee	Chairing and overseeing the performance of the Nomination Committee of the firm.	Chairman	Glyn Jones	SMF7 (SMF13 until 22 August 2019) (5)

1. Michelle Andrews' regulatory application to perform SMF18 was submitted in November 2019 and is awaiting regulatory approval.
2. Lynzi Harrison left the role on 6 February 2019 before regulatory approval was obtained. Simon Wood broadened his responsibilities across the UK Client Services function to become the UK Platform COO from 22 March 2019 whilst retaining his CFO role.
3. Iain Wright left the business on 30 April 2019.
4. Position ceased to exist from 13 March 2019.
5. SMF13 approval transferred to SMF7 in light of regulatory guidance received.

B.1.4 Material Transactions for holdings in OMWLP over the period

During 2019, OMWLP issued £40 million of share capital (£25 million in June 2019 and £15 million in December 2019) to fund the ongoing costs of the Platform Transformation Programme, offset by a £20 million dividend payment in March 2019. In addition, the Board approved a dividend of £20 million, payable to its holding company Old Mutual Wealth UK Holding Limited, and this has been treated as a 'foreseeable dividend' within the calculation of own funds. In light of the outbreak of COVID-19 pandemic, the timing of the payment remains under review.

B.2 Outsourcing

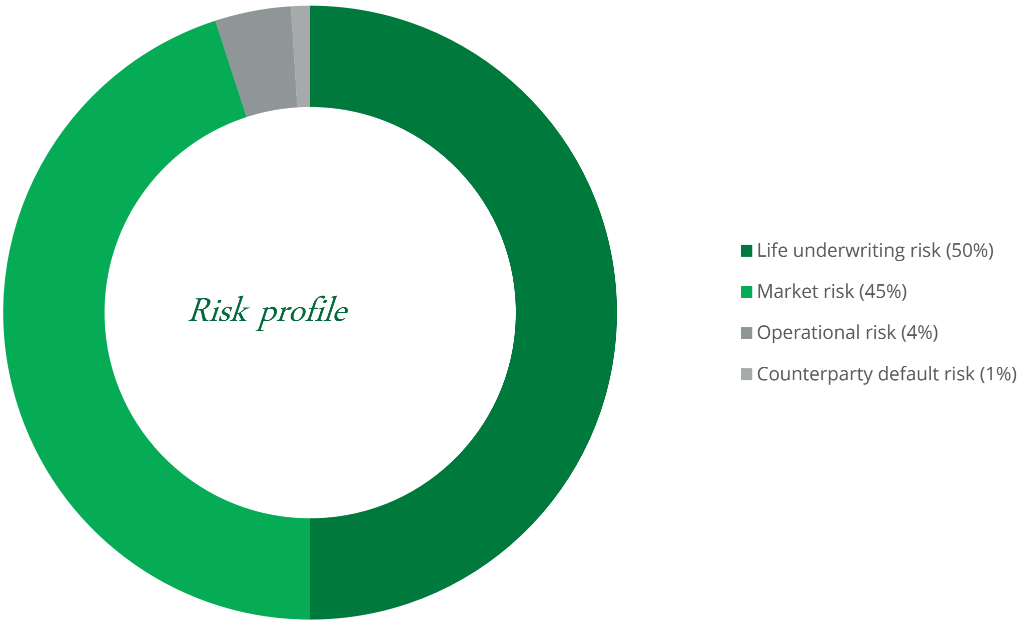
B.2.1 Critical or important outsourcing arrangements

The Company has assessed whether outsourced activities are 'Critical or Important' on the basis of the activities being outsourced and dependency on these arrangements for that service. The nature of critical or important arrangements primarily includes infrastructure and application maintenance including development testing services. Material outsourced services are predominantly provided from the UK, South Africa and India. The assessment reviews whether these activities are essential to the operation of the firm and whether it would be able to deliver its services to policyholders without this outsourced activity operating.

Once confirmed, each new relationship is submitted for regulatory notification. The risks that may occur through transitioning the service are reviewed along with the risks inherent in the service. In each instance processes and controls are established to mitigate the risks from the arrangement. Accountable executives are identified and a robust ongoing governance structure is implemented to ensure that the service continues to adhere to the principles outlined in the Third Party Management Policy and Standards suite.

Section C. Risk profile

The pie chart below sets out the risk profile based on the SCR, determined using the Solvency II Standard Formula, with each of the key risks covered in the following sections.



Risk profile drivers

The main risk categories to which OMWLP is exposed are market risk and life underwriting risk. These represent 95% of OMWLP's risk exposure. Market risk is a significant risk for OMWLP, since the majority of in-force business is investment business and a large part of OMWLP's revenues are related to asset values.

Lapse risk is the most significant component of life underwriting risk (see C.2.1), since the unit-linked investment business relies on persistency of policies to generate future revenues.

Further details on the specific risk drivers are provided in the following sections.

Measures used to assess risks

Based on the Standard Formula, OMWLP has a SCR of £288 million as at 31 December 2019.

Change in the risk profile over the period to 31 December 2019

The table below provides details of OMWLP's risk profile in terms of SCR capital. It also highlights the change in the risk profile over the valuation period.

Risk modules	Capital requirement based on diversified risk*		
	31 December 2019 £000	31 December 2018 £000	Change in SCR £000
Market risk SCR	213,790	166,798	46,992
Life underwriting risk SCR module	237,482	200,938	36,544
Operational risk SCR module	17,448	17,144	304
Counterparty default risk SCR module	3,047	7,780	(4,733)
Diversification (Inter module)	(96,288)	(81,498)	(14,790)
Loss absorbing capacity of deferred tax	(87,143)	(29,294)	(57,849)
Solvency Capital Requirement	**288,337**	**281,868**	**6,468**
Diversification benefit	**20%**	**21%**	**(1)%**

*After intra-module diversification applied

OMWLP does not expect material change in its risk profile each year. The main driver to the change in the size of SCR relates to the movement in AuA, which is primarily driven by the growth of the business and market performance over the year.

The SCR of £288 million is after the adjustment for diversification and allowance for loss absorbing capacity of deferred tax.

The allowance for loss absorbency of deferred tax represents the change in deferred tax liabilities between the Solvency II base balance sheet and the stressed balance sheet under the Solvency II 1-in-200 year scenario. This effectively means that should the 1-in-200 year loss occur, the deferred tax liabilities for OMWLP will also reduce, hence reducing the net impact of such a loss.

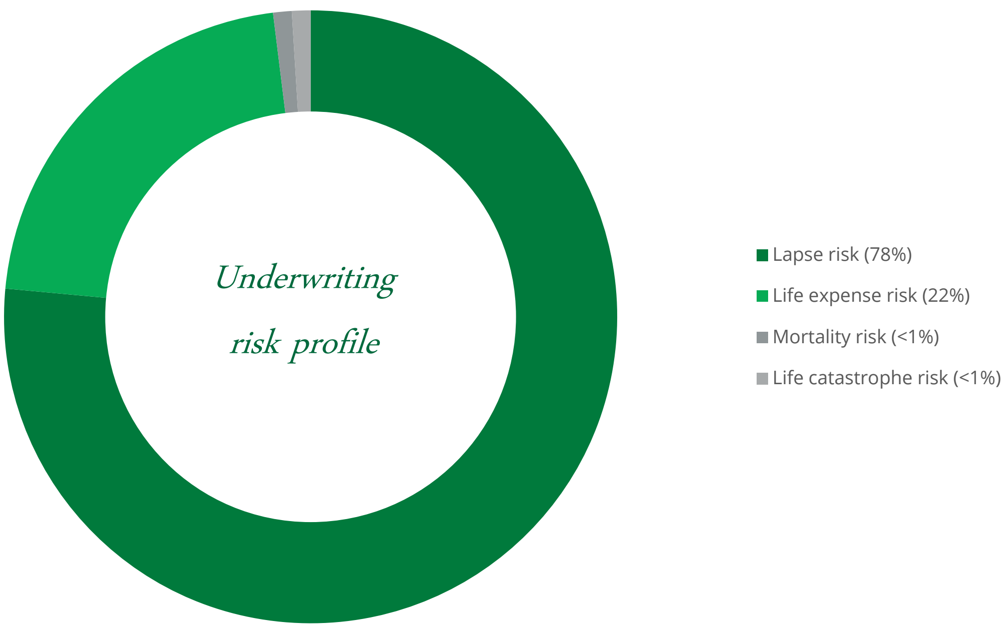
C.1 Underwriting risk

C.1.1 Underwriting risk at 31 December 2019

As at 31 December 2019, the exposure for this module is £237 million with intra-module diversification of 12% (i.e. allowance for diversification between underwriting risks).

The pie chart below sets out the drivers of the £237 million underwriting risk:

- most of the exposure to underwriting risk is from lapse risk. This accounts for 78% of the exposure in this module;
- life expense risk is the second largest exposure within this module.



C.1.2 Change in underwriting risk over the period

The table below considers the change in the underwriting risk over the period.

	Life underwriting risk capital requirement based on diversified risk*		
	31 December 2019 £000	31 December 2018 £000	Change in SCR £000
Mortality risk	411	346	65
Longevity risk	-	-	-
Disability morbidity risk	-	-	-
Lapse risk	184,231	159,900	24,330
Life expense risk	52,673	40,539	12,134
Life catastrophe risk	167	153	14
Life underwriting risk SCR	**237,482**	**200,938**	**36,544**

*After intra-module diversification applied

The life underwriting risk SCR has increased over the year. The main changes in the risk profile for the underwriting risk module are as follows:

- increase in persistency (lapse) risk driven by the increase in equity market and growth in business; and
- increase in life expense risk driven by the growth of the in-force book.

C.1.3 Risk mitigation

OMWLP manages and mitigates each of the following risks as described below:

Lapse risk

Lapse risk is a feature of the business and is managed through product design, focusing on customer service and customer outcomes. Persistency statistics and customer metrics are monitored regularly and detailed persistency analyses are carried out regularly at an individual product level.

Life expense risk

Expense risk is managed through budget control and discipline, balanced against the need to ensure sufficient resources are available to achieve the Company's strategic aims.

Expense levels are monitored monthly against budgets and forecasts. An allocation model is used to allocate shared business costs to individual legal entities, including OMWLP, based on agreed cost drivers. These drivers are periodically reviewed to ensure they are in line with services that each legal entity is receiving.

Some products' structures include maintenance charges. These charges are reviewed annually in light of changes in maintenance expense levels and the market level of inflation. This review may result in changes in charge levels.

C.1.4 Risk concentration

There are no material concentrations of lapse, expense, and mortality risks. The Company does not provide group protection business.

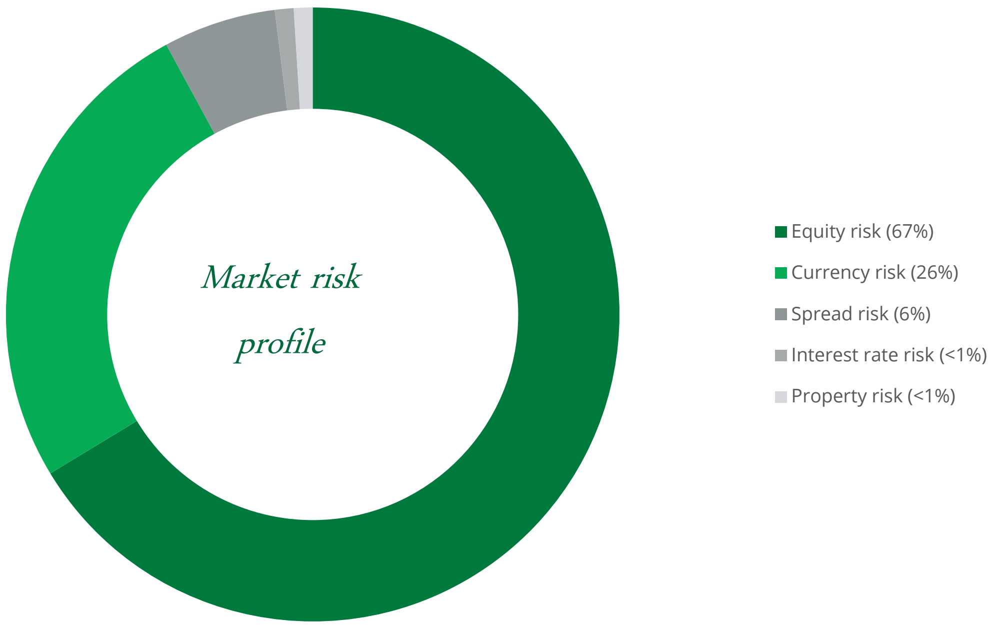
C.2 Market risk

C.2.1 Market risk as at 31 December 2019

OMWLP's market risk profile is derived from the Standard Formula 1-in-200 year market stresses before allowing for the impact of diversification.

The exposure for this module is £214 million after intra-module diversification of 20% (i.e. allowance for diversification between market risks). The pie chart below sets out the drivers of the £214 million market risk for OMWLP:

Most of the exposure is from equity risk. This accounts for 67% of the exposure in this module; and currency is the second largest exposure within this module.



C.2.2 Change in the market risk over the period to 31 December 2019

The table below considers the change in the market risk over the period.

	Market risk capital requirement based on diversified risk*		
	31 December 2019 £000	31 December 2018 £000	Change in SCR £000
Interest rate risk	849	372	477
Equity risk	144,057	105,411	38,646
Property risk	914	1,073	(159)
Spread risk	12,614	11,258	1,356
Currency risk	55,356	48,684	6,672
Market risk SCR	**213,790**	**166,798**	**46,992**

*After intra-module diversification applied

Equity risk

Equity market risk is a significant risk since a large proportion of the assets underlying unit-linked funds held for the benefit of policyholders is invested in equity portfolios, from which asset-based fees are derived. The Company has no material holdings of equities within shareholders' funds.

The capital requirement for equity risk reflects the potential loss of future asset-based revenues resulting from returns on equity assets falling below the levels assumed in the best estimate projection.

The impact of the loss of future revenue under a 1-in-200 year equity stress for OMWLP is based on a full measure prescribed equity stress of 39% plus symmetric adjustment for Type 1 equities and a 49% plus symmetric adjustment for Type 2 equities (i.e. not allowing for any equity transitional arrangements).

Equity risk has increased mainly due to the increase in AuA driven by strong equity market performance and growth in business during 2019. Strong equity markets have also increased the standard formula symmetric adjustment factor, from (6.34)% to (0.08)%, increasing equity shock by 6.26% relative to year end 2018.

Currency risk

Similar to equity risk, the capital requirement for currency risk reflects the potential loss of future asset-based revenues resulting from adverse movements in currency markets which negatively impact the value of assets underlying unit-linked funds, held through collective investments. This risk applies to a portion of the assets underlying unit-linked funds which are denominated in currencies other than pounds sterling.

The currency risk has increased because of an increase in AuA as a result of strong equity markets and growth in business.

Spread risk

A portion of the assets underlying unit-linked funds is invested in corporate bonds. These bonds are exposed to the risk of increases in credit spreads, which would result in a fall in the value of bonds. This would result in a reduction in the Company's projected asset-based fee revenues.

The Company has no material holdings of corporate bonds within shareholders' funds.

Spread risk has risen slightly due to an increase in the corporate bond assets held indirectly through unit-linked funds.

C.2.3 Risk mitigation

The Company's business is predominantly unit-linked life and pensions business. The direct market risks are transferred to policyholders through the use of unit-linked product structures. The Company does not offer investment guarantees or take on complex financial insurance risks. Market risk exposure on asset-based revenues is an accepted risk exposure.

C.2.4 Risk concentration

Policyholder funds are invested in a diversified portfolio of assets. The market risk concentration on policyholders' assets is immaterial.

Shareholder funds are deposited only in the permitted instruments set out in the Treasury Statement of Practice. The permitted instruments are bank call deposits and a range of money market funds. This provides diversification for shareholder assets and hence the market risk concentration on shareholder assets is not material.

C.3 Credit risk

Credit risk (counterparty default risk) is the risk that a party to a financial instrument will cause a financial loss to the Company by failing to discharge an obligation to repay cash or deliver another financial asset. The material risks faced by the Company relate to:

- the risk of default by banks and other financial institutions in respect of the investment of Company assets; and
- the risk of default by insurance intermediaries in respect of receivables and debtor items.

C.3.1 Credit risk at 31 December 2019

OMWLP's credit risk profile is derived from the Standard Formula 1-in-200 year credit event. At 31 December 2019, the exposure for this module is £3 million.

C.3.2 Change in credit risk over the period

Credit risk has reduced compared to 31 December 2018, due to improved modelling of trade debtor exposures at fund manager level. Previously, this was carried out at the individual fund level.

OMWLP has a low risk tolerance for credit and counterparty risk and aims to limit it by investing OMWLP assets only in UK Government bonds and deposits with an appropriately diversified set of institutions with strong credit ratings.

C.3.3 Prudent person principle and investment of assets

Shareholders' funds are deposited only in the permitted instruments set out in the Treasury Statement of Practice. The permitted instruments are bank call deposits, permitted money market funds and UK Government bonds. 96% of shareholder funds are held in AAA rated money market funds and bank deposits with a notice period. The risk of default for these counterparties has been implicitly captured within the spread risk assessment (within the market risk module). The remaining 4% of shareholder funds are cash at bank with the % exposure by credit rating shown in the table below.

Rating	% Exposure (cash at bank)
AA	19%
A	81%

C.3.3.1 Risk concentration

Cash is invested with a number of counterparties with high credit ratings. There is not a significant exposure to a single named counterparty and a process of diversification is employed to manage counterparty concentration risk.

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C.4 Liquidity risk

Liquidity risk is the risk that there are insufficient assets or that assets cannot be realised in order to settle financial obligations as they fall due or that market conditions preclude the ability of the firm to trade in illiquid assets in order to maintain its Asset Liability Matching profile.

The Company is exposed to liquidity risks during the normal course of business where payments are made before related income is received from counterparties or liquidity strains that arise from technology outages. Such exposures are typically short term in nature and minimum liquidity levels are maintained to cover any potential outflows arising from a severe but plausible liquidity stress scenario.

The Company maintains a Contingency Funding Plan which sets out the available liquidity sources, management actions for providing liquidity to the Company in the event that liquidity support is required and the roles and responsibilities of key personnel.

C.4.1 Expected profit included in future premiums ("EPIFP")

Most of OMWLP's business consists of single premium business. OMWLP's regular premium business is subject to short contract boundary conditions and so expected profit included in future premiums is nil.

C.5 Operational risk

C.5.1 Treatment of operational risks within the capital assessment

As at 31 December 2019, the exposure for this module is £17 million. This has not changed materially from year end 2018.

C.6 Risk sensitivity

Scenario testing and sensitivity testing is performed on an annual basis to assess the resilience of OMWLP to potential stresses and scenarios and to assist in determining the management actions which would be required to manage and mitigate the impacts of such events. Reverse stress testing is also performed to identify the point at which OMWLP could become unviable.

Sensitivity testing

OMWLP carries out sensitivity testing to assess the impacts on the solvency position of changes in equity markets, interest rates, lapse rates and expense levels.

As at 31 December 2019 surplus capital above the SCR was £97 million. The following table shows the change in the value of surplus capital due to the key sensitivities which have been tested:

Sensitivity test	Impact on level of surplus capital £m
Equity markets: 25% market fall	8
Interest rates: 1% reduction in interest rates	(20)
Interest rates: 1% increase in interest rates	15
Lapse rates: 10% mass lapse	(16)
Expenses: 10% increase in expense levels	(29)

Scenario tests

Scenario testing is performed on an annual basis to assess the resilience of the Company to severe but plausible events and to assist in determining the management actions which would be required to manage and mitigate the impacts of such events. Scenarios are also used to validate that the Company is sufficiently capitalised in line with its financial risk appetite.

Scenario testing is performed by adjusting the parameters used to project revenues and expenses over the business planning period and adjusting capital plans. Scenario testing parameters are typically set in order to assess the impacts of both 1-in-50 year adverse events and 1-in-200 year adverse events over the business planning period. Scenario testing parameters are determined through analysis of market and internal experience data.

Scenario testing demonstrated that the Company can withstand a 1-in-200 year adverse event whilst continuing to meet its internal solvency target.

Reverse stress testing

Reverse stress testing is performed in order to identify the events which would result in the business plan becoming unviable, resulting in the need to make material changes to the business strategy in order to continue as a going concern.

Section D. Valuation for solvency purposes

Solvency II assets and liabilities have been calculated in accordance with the valuation principles set out in Articles 75 to 86 of Directive 2009/138/EC.

Summary balance sheet	Solvency II £000	IFRS £000	Difference £000
Assets			
Investments (other than assets held for index-linked and unit-linked funds):			
Government bonds	2,093	2,072	21
Collective investment undertakings	384,094	11,843	372,251
Assets held for index-linked and unit-linked funds	31,898,548	31,898,548	-
Contract costs	-	3,948	(3,948)
Insurance and intermediaries receivables	67,192	67,192	-
Receivables (trade, not insurance)	23,099	23,364	(265)
Cash and cash equivalents	16,765	388,771	(372,006)
Total assets	**32,391,791**	**32,395,739**	**(3,948)**
Liabilities			
Policyholder liabilities/technical provisions	31,618,344	31,882,228	(263,884)
Contract liabilities	-	454	(454)
Provisions other than technical provisions	-	1,915	(1,915)
Deferred tax liabilities	87,143	48,995	38,148
Insurance and intermediaries payables	275,958	275,958	-
Reinsurance payables	-	-	-
Payables (trade, not insurance)	4,783	4,783	-
Total liabilities	**31,986,228**	**32,214,333**	**(228,105)**
Excess of assets over liabilities	**405,563**	**181,406**	**224,157**

The bases, methods and main assumptions used for the valuation of OMWLP's assets, technical provisions and other liabilities are consistent with the Solvency II rules and guidance. They are also consistent with those used in the prior year.

D.1 Assets

D.1.1 Contract costs

Under IFRS, the acquisition costs arising from the sale of investment and insurance contracts are spread over the period of the contract. Recoverability of these costs, against future income streams, is regularly assessed and where these costs are deemed to be irrecoverable, they are immediately expensed through the IFRS income statement. This is an IFRS specific accounting item which is not admissible under Solvency II.

D.1.2 Assets held for index-linked and unit-linked funds

Assets held for index-linked and unit-linked funds represent policyholder investments. In the same way that 'Investments and securities' are valued, under both Solvency II and IFRS, these assets are valued largely on the basis of quoted market prices, within active markets, with any resultant gain or loss recognised in the income statement.

Included within policyholder investments are assets totalling £192 million that were invested in suspended funds at 31 December 2019. As these funds cannot be immediately traded, they are valued using method (ii) as described in D.1 of the body of the Group SFCR.

D.1.3 Investments (other than assets held for index-linked and unit-linked funds)

This includes UK Government fixed interest bonds and investments in Collective Investment Undertakings. Under both Solvency II and IFRS reporting, these assets are measured at fair value, based on market prices at the reporting date, which are quoted prices in active markets for identical instruments. No significant estimates or judgements are used in the valuation of these investments.

There are allocation differences between Solvency II and IFRS caused by differences in the definition of line items. Under Solvency II, the money market fund investments (£372 million) are included in the "Investment funds" line, whereas on the IFRS balance sheet these are included in "Cash and cash equivalents". This reclassification is based on maturity. Under Solvency II any funds that are not accessible within 24 hours are classed as Investments rather than cash and cash equivalents.

Under Solvency II, accrued income on investments and securities (£0.3 million) is reclassified from receivables to investments and securities resulting in a small difference in the "Government bonds" and" Collective investment undertakings" lines between the Solvency II and IFRS bases.

D.1.4 Cash and cash equivalents

Cash and cash equivalents are carried on an amortised cost basis under both IFRS and Solvency II and this approximates to fair value. The key difference between IFRS and Solvency II reporting is that money market fund investments are included in the "Investment funds" line under Solvency II, whereas under IFRS they are included in "Cash and cash equivalents".

D.1.5 Receivables (trade, not insurance)

Other receivables are non-interest bearing and are stated at their amortised cost, less appropriate allowances for estimated irrecoverable amounts. This approximates to fair value due to the short-term nature of the balances.

The valuation basis applies equally to both IFRS and Solvency II, although under Solvency II there is a subsequent reclassification (£0.3 million) of accrued income on investments and securities to the investments and securities category.

D.2 Technical provisions

OMWLP only has unit-linked business which is categorised as 'Index-linked and unit-linked insurance' under Solvency II.

Technical provisions	Solvency II value		
	31 December 2019 £000	31 December 2018 £000	Difference £000
Technical provisions calculated as a whole	31,882,228	26,812,079	5,070,149
Best estimate	(384,864)	(343,135)	(41,729)
Risk margin	120,979	99,382	21,597
Total technical provisions	**31,618,343**	**26,568,326**	**5,050,017**

The Solvency II technical provisions for OMWLP, of £31,618 million, have three components:

- technical provisions calculated as a whole of £31,882 million;
- best estimate liabilities of £(385) million; and
- a risk margin of £121 million.

Technical provisions calculated as a whole represent the value of units credited to policyholders as at 31 December 2019. Where the liability is subject to a surrender option, the value of the financial liability is never less than the amount payable on surrender.

The best estimate liabilities represent the value of future profits (net of expenses) from the unit-linked business, based on the cash flow projection model. This is equivalent to future product charges (income) less future expenses less future claims in excess of unit reserves.

The risk margin is determined as the present value of the cost of non-hedgeable capital (at 6% p.a.) needed for the full run off of the liabilities, discounted using the prescribed term-dependent Solvency II risk-free rates.

D.2.1 Methodology applied in deriving the technical provisions

Best estimate valuation methodology

OMWLP calculates the best estimate liability for all policies in force at the valuation date. The best estimate liability is calculated as the prospective value of future expected cash flows on a policy-by-policy basis allowing for any surrender payments, transfer payments, income withdrawal, maintenance expenses, fund-based fees and other policy charges. The underlying assumptions are based on the best estimate for the future, which is largely based on the current business experience and any emerging trends. The unit fund growth rates (gross of investment charges) and the discount rates are set at the prescribed Solvency II risk-free interest rates.

The calculation is carried out gross of reinsurance recoverables and gross of all future tax other than policyholder tax. The value of shareholder tax is included within the deferred tax liability line.

The CRA product (refer to Section A.1.6.1 for details) is the only product which accepts regular premiums. For this product, the allowance for future premiums and benefits within the best estimate liability depends on the Solvency II boundary of the contract. OMWLP has concluded that short contract boundary conditions apply and therefore these policies have been modelled as if they were to become immediately paid up with no allowance for future expected premiums.

OMWLP has no material reinsurance recoverables.

D.2.2 Key assumptions in deriving technical provisions

Relevant risk-free rate applied in deriving technical provisions

OMWLP used the prescribed Solvency II risk-free interest rate curve for the valuation of its technical provision at 31 December 2019. The unit fund growth rates (gross of investment charges) and the risk discount rates are set equal to the prescribed Solvency II rates.

Any changes in risk-free interest rate curves have a broadly offsetting effect on the present value of the fund-based revenue component of the cash flow. This is because the impacts of changes in the unit growth rates and the discount rates cancel out when calculating the fund-based revenue in present value terms.

The present value of the expense component of the cash flow and the risk margin calculation are more sensitive to changes in interest rates due to the long-term nature of the business.

The prescribed GBP-based risk-free interest rate curve has reduced for all durations over 2019.

Lapses

Persistency assumptions determine how long the business is expected to remain on the book and hence are an important driver for future expected profits within the technical provision calculation.

The lapse, surrender and income withdrawal assumptions are set with reference to experience, allowing for any emerging trends since the introduction of UK Pensions Freedom in 2015. Lapse assumptions vary by product type and duration. The assumptions are based on a weighted average of historical observed experience.

Key changes to assumptions for the year ending 31 December 2019:

Changes in UK pension regulations relating to Pension Freedoms have been in force since April 2015. OMWLP has observed the following:

- **Full surrenders** – Experience on OMWLP pensions has improved consistently since the UK Pension Freedoms were introduced in 2015. This is because less business is lost to annuity providers. The continuous improvement in surrender experience has led to a reduction in the surrender rate assumptions, which has reduced best estimate liabilities in 2019.
- **Partial withdrawals and pension payments** – The level of income withdrawal has improved over 2019, reflecting the gradual stabilisation of the pension withdrawal experience since the introduction of the UK pension freedom rules in 2015. This leads to a reduction in the withdrawal assumption which has reduced the best estimate liabilities. The level of withdrawals continues to display seasonality as policyholders withdraw more around tax year end.

Expenses

Expenses reflect the cost of administering the in-force business. The per policy maintenance expense assumptions for OMWLP have increased slightly in 2019 mainly due to the expected increase in future expenses as a result of the stranded costs arising from the sale of QLA. Following the sale of QLA, a number of stranded costs will remain within the Group (i.e. not all of the expenses allocated to the QLA business will be removed). These stranded costs have been assessed in the Quilter business plan and subsequently allocated to the remaining Quilter entities based on the relevant cost drivers.

These stranded costs are partially mitigated by the expense reduction management actions included in the current business plan through various business initiatives such as the Optimisation Programme. There are elements of uncertainty in future costs savings. The Company has therefore applied a prudent and appropriate approach when allowing for the expense reduction management actions. The net impact of the stranded costs and the expense reduction management actions has resulted in increases in the expense assumptions for OMWLP.

The net increase in the per policy maintenance expense assumption for OMWLP in 2019 increases the best estimate liabilities.

In addition, expected PTP project costs have increased in 2019, further increasing the Solvency II best estimate liabilities.

Expense inflation assumption

The expense per policy assumption is projected to increase in line with anticipated inflation rates for the OMWLP business. The anticipated future inflation rates have fallen slightly in 2019 because of the reduction in the projected Retail Price Index ("RPI") rates for the UK economy.

The assumption for RPI inflation is based on implied inflation from the Bank of England's forward gilt yield curves. The main cost base within OMWLP is salaries, which generally inflate at a slightly higher rate than the RPI rates. Therefore the business expense inflation assumption is set to a percentage addition to the projected RPI rates. This percentage addition has remained at 0.5% in 2019.

D.2.3 Uncertainty associated with the value of technical provisions

Sensitivity tests on the assumptions are carried out to ensure the uncertainties are well understood and incorporated in capital and risk management of the business.

The Company only has unit-linked business. For unit-linked business, technical provisions are calculated as a whole representing the value of units credited to policyholders. If the liabilities are subject to a surrender option, the value of the financial liability is never less than the amount payable on surrender. Therefore, in absolute terms, there is very limited uncertainty regarding the value assigned as the valuation does not require the application of assumptions or judgement.

The best estimate liabilities component of the technical provisions represents the value of future revenues (net of expenses) from the unit-linked business, based on the cash flow projection model and is equivalent to future product charges (income) less future expenses less future claims in excess of unit reserves. This component of technical provisions therefore carries greater uncertainty, principally driven by the following:

- Economic uncertainty relating to future income from unit funds, e.g. a higher than expected future surrender experience will result in lower future asset-based revenues and lower future profits. This will cause the best estimate liabilities to increase.
- Uncertainty relating to future administration costs for servicing the in-force policies, e.g. higher than expected future expenses to service the in-force business will result in lower future profits. This will cause the best estimate liabilities to increase.

The best estimate liabilities component of technical provisions and its inherited risk profile also have a second-order effect on the size of the risk margin.

D.2.4 Differences between Solvency II and IFRS bases, methods and assumptions

The table below provides a reconciliation of the value of technical provisions between the Solvency II and IFRS bases.

Liabilities	31 December 2019 £000
Gross IFRS insurance contract liabilities	31,882,228
Adjustment for Solvency II	(384,864)
Gross best estimate liabilities (Solvency II liabilities to policyholders)	**31,497,365**
Add risk margin	120,979
Solvency II technical provisions	**31,618,343**

OMWLP uses IFRS as its statutory accounts basis. The IFRS value of technical provisions is £31,882 million which is based on the value of unit reserves, representing the 'technical provisions calculated as a whole' component of the Solvency II technical provisions.

The differences in the value of technical provisions when moving from an IFRS basis to a Solvency II basis are as follows:

- Adjustment for Solvency II - the 'adjustment for Solvency II' reduces the technical provisions for unit-linked business by £385 million. This adjustment includes an allowance for future profits under Solvency II which is not included on an IFRS basis. This adjustment represents the recognition of future revenues net of expenses calculated based on a set of best estimate assumptions.

- Addition of risk margin - the addition of the risk margin on a Solvency II basis increases the technical provisions by £121 million compared to the IFRS basis where there is no risk margin.

D.3 Other liabilities

	Solvency II £000	IFRS £000	Difference £000
Other liabilities			
Provisions other than technical provisions	-	1,915	(1,915)
Deferred tax liabilities	87,143	48,995	38,148
Insurance and intermediaries payables	275,958	275,958	-
Payables (trade, not insurance)	4,783	4,783	-
Contract liabilities	-	454	(454)
Total other liabilities	**367,884**	**332,105**	**35,779**

The table above shows the value of other liabilities. This section covers a description of the bases, methods and main assumptions used for solvency valuation purposes compared to the approach taken in their valuation in the financial statements.

D.3.1 Specific items

The majority of liabilities that are not technical provisions are valued in accordance with IFRS in both the Solvency II balance sheet and the financial statements.

- 'Insurance and intermediaries payables' and 'Payables (trade, not insurance)' are non-interest bearing and are stated at their amortised cost. This is not materially different to cost, and approximates to fair value for both IFRS and Solvency II, due to the short-term nature of the balances. As a result, no deviation risk has been applied. No adjustments or judgements are made for valuation purposes.

There are two items of other liabilities where the treatment differs between the bases:

- £1.9 million of 'Provisions other than technical provisions'. This represents provisions for client rectifications which are included within technical provisions on a Solvency II basis; and
- £0.5 million allowed in the IFRS financial statements for 'Contract liabilities', not recognised on the Solvency II balance sheet. Under IFRS, front-end fee income, comprising fees received at inception or receivable over an initial period for services not yet provided, is deferred through the creation of a Contract liability on the statement of financial position and released to income as services are provided. Equal service provision is assumed over the lifetime of the contract and, as such, the Contract liability is amortised on a linear basis over the expected life of the contract. The deferred fee income liability principally comprises fee income already received in cash. Under Solvency II, all cash flows on insurance contracts are recognised through the technical provision.

D.3.2 Deferred tax

During 2019, a deferred tax liability was recognised under IFRS primarily due to capital gains made during the year. The deferred tax liability in the Solvency II balance sheet, represents the tax due from future surplus emerging on the Solvency II basis, over the run off of the business.

This is calculated by computing the tax impact of the items bridging between IFRS net assets and Solvency II own funds and then applying this impact to the DTL as reported in the IFRS Financial Statements.

Material items that need to be allowed for/removed in stepping between IFRS and Solvency II are:

- the removal of the DTL on the IFRS Contract cost;
- the removal of deferred tax asset on the IFRS Contract liability;
- the recognition of a DTL on future profits on the Solvency II basis which is not relevant on the IFRS basis; and
- the recognition of DTA on the risk margin, since this is a solvency II requirement and not relevant for IFRS.

Section E. Capital management

E.1 Own funds

E.1.1 Management of capital over the reporting period

OMWLP Capital Management Strategy

The Group operates a robust capital management framework to ensure the Group is able to provide a sufficient level of protection for the customer, and meet applicable regulatory requirements and shareholder expectations. Under the Group capital management framework, OMWLP has set its solo solvency target to withstand a severe but plausible instantaneous loss event and still meet the solo regulatory capital requirements. The level of severity of the event corresponds to the solo risk appetite.

Following the completion of the managed separation from Old Mutual plc and providing fully for the expected outstanding PTP project costs on a Solvency II basis, OMWLP now operates close to the long-term solvency target with any free surplus above the target remitted to its parent company. As a result, it has been agreed that OMWLP will pay a dividend of £20 million to its parent company, Old Mutual Wealth UK Holding Limited, in 2020. This dividend is deducted from the value of the own funds as at 31 December 2019 as a 'foreseeable dividend' wherever it is stated within this document. The exact timing of the payment remains under review as a result of the outbreak of the COVID-19 pandemic.

The actual capital position for OMWLP is monitored through the CMF on a monthly basis and the OMWLP Board and the Quilter plc Board Risk Committee ("BRC").

The capital position of OMWLP is also monitored on a monthly basis within the Finance department. The capital position is based on a combination of actual and estimated information (based on appropriate drivers such as market levels and new business volumes). This provides an early warning system that will detect any unexpected deterioration in the solvency position of the entity.

E.1.2 Analysis of change (own funds, SCR and MCR)

The table below summarises the change, by tier, of own funds, SCR and MCR for OMWLP.

£000	31 December 2019		31 December 2018		Change	
	Solvency II	IFRS	Solvency II	IFRS	Solvency II	IFRS
Assets	32,391,791	32,395,739	27,264,930	27,274,441	5,126,861	5,121,298
Liabilities	31,986,228	32,214,334	26,852,870	27,069,881	5,133,358	5,144,453
Excess funds	**405,563**	**181,405**	**412,060**	**204,560**	**(6,496)**	**(23,155)**
Basic own funds	385,563	-	392,060	-	(6,496)	-
Basic own funds adjustments	-	-	-	-	-	-
Ancillary own funds	-	-	-	-	-	-
Available own funds	**385,563**	**-**	**392,060**	-	**(6,496)**	**-**
Classified own funds						
Tier 1	385,563	-	392,060	-	(6,496)	-
Tier 2	-	-	-	-	-	-
Tier 3	-	-	-	-	-	-
Solvency capital requirement	**288,337**	-	**281,868**	-	**6,468**	-
Eligible own funds	**385,563**	-	**392,060**	-	**(6,496)**	-
Classified own funds						
Tier 1	385,563	-	392,060	-	(6,496)	-
Tier 2	-	-	-	-	-	-
Tier 3	-	-	-	-	-	-
Surplus (deficit)	**97,227**	-	**110,191**	-	**(12,965)**	-
Eligible own funds as % of SCR	**134%**	-	**139%**	-	**(5)%**	-
MCR	**129,752**	-	**126,841**	-	**2,911**	-
Eligible own funds as % of MCR	**297%**	-	**309%**	-	**(12)%**	-

The Solvency II own funds at 31 December 2019 is £386 million, made up of £102 million of share capital and £284 million of reconciliation reserve, both of which are Unrestricted Tier 1 own funds. The closing own funds of £386 million is after the deduction of the £20 million foreseeable dividend payment expected in early 2020.

Own funds decreased by £6 million during the year (2019: £386 million vs. 2018: £392 million). This decrease is mainly driven by an increase in the cost provisions for PTP under Solvency II and recently announced UK Platform reprice exercise reducing the expected future revenues. These reductions more than offset the impact of a total of £40 million share capital issued during 2019.

The SCR at 31 December 2019 is £288 million, compared to £282 million in the prior year. The solvency coverage ratio reduced by 5% in the year with the aim of managing the solvency more close to the long-term solvency target (2019: 134% vs. 2018: 139%).

OMWLP has retained sufficient capital to cover both the MCR and SCR over the period and is therefore compliant with the SCR and MCR requirements. The opening and closing coverage ratios are given in the table above.

E.1.2.1 Analysis of change from IFRS equity to basic own funds

	31 December 2019 £000
IFRS equity	**181,405**
Revaluation of technical provisions	263,885
Removal of DAC, contract costs and contract liabilities	(3,494)
Adjust for deferred tax arising from differences in timing of profit recognition	(38,148)
Other	1,916
Solvency II net assets	**405,563**
Foreseeable dividend	(20,000)
Total own funds	**385,563**

The table above covers the quantitative differences between equity as shown in the financial statements and the excess of assets over liabilities as calculated for solvency purposes.

Specifically these adjustments are:

- the addition of future anticipated profits under the Solvency II basis, not included under IFRS, together with the addition of the risk margin (as this is a Solvency II requirement and not relevant for IFRS);
- contract costs and contract liabilities are not included within Solvency II basic own funds;
- deferred tax arising from differences in the timing of profit recognition between IFRS and Solvency II; and
- dividends that are foreseeable at the reporting date are deducted from Tier 1 own funds. The EIOPA Guidelines on classification of own funds provide that a dividend is foreseeable "at the latest when it is declared or approved by the board regardless of any requirement for approval at the annual general meeting".

Management is permitted to deduct a planned dividend from own funds prior to board approval, in cases where it is likely that approval will be granted. Based on discussions with management, and in order to avoid temporary fluctuations in OMWLP's solvency position, the eligible own funds have been reduced by the amount of the final dividend of £20 million expected to be payable during March 2020.

E.1.2.2 Reconciliation reserves

The table below shows that own funds are made up of share capital of £102 million and reconciliation reserves of £284 million.

	31 December 2019 £000	31 December 2018 £000
Available own funds		
Share capital	102,000	62,000
Reconciliation reserve	283,563	330,060
Available own funds	**385,563**	**392,060**

The reconciliation reserve equals the total excess of assets over liabilities, net of share capital.

E.2 Solvency Capital Requirement ("SCR") and Minimum Capital Requirement ("MCR")

E.2.1 Detail on the capital requirements for OMWLP

	Standard Formula or Internal Model	31 December 2019 £000	31 December 2018 £000	Change £000
Available own funds	-	**385,563**	**392,060**	**(6,496)**
Solvency capital requirement	-	**288,337**	**281,868**	**6,468**
Market risk SCR module	Standard Formula	213,790	166,798	46,992
Life underwriting risk SCR module	Standard Formula	237,482	200,938	36,544
Operational risk SCR module	Standard Formula	17,448	17,144	304
Counterparty default risk SCR module	Standard Formula	3,047	7,780	(4,733)
Diversification	-	(96,288)	(81,498)	(14,790)
Allowance for DTL (loss absorbing capacity of deferred tax) offset	-	(87,143)	(29,294)	(57,849)
Surplus	-	**97,227**	**110,191**	**(12,965)**
Eligible own funds as % of SCR	-	**134%**	**139%**	**(5)%**
Minimum capital requirement	-	**129,752**	**126,841**	**2,911**
Eligible own funds as % of MCR	-	**297%**	**309%**	**(12)%**

* After intra-module diversification applied.

OMWLP calculates the SCR using the Standard Formula as set out in the Solvency II rules.

E.2.2 Calculation of MCR

The MCR is calculated using a formulaic approach subject to an overall minimum and a 'corridor' of 25% of the SCR and of 45% of SCR. For OMWLP, the 45% of SCR is the 'biting' constraint for the MCR calculation.

E.2.3 Explanation for material changes to SCR and MCR

Changes to MCR

During 2019, the MCR increased by £3 million.

The MCR is driven by the size of technical provisions and SCR and hence its movements are directly related to movements within these components.

Changes to SCR

During 2019, the SCR increased by £6 million. The key components of this increase are as follows:

- The market risk component of SCR (after intra-module diversification is applied) has increased by £47 million (see table E.2.1). This is mainly driven by:
  - the strong equity market performance has affected the Standard Formula equity dampener adjustment, which has raised the equity stresses applied under the equity risk shocks relative to year end 2018;
  - the higher equity market has resulted in higher projected future asset-based revenues that are exposed to market risks; and
  - the increase in the size of the book over 2019 has increased the market risk exposure.

- The life underwriting risk component of SCR (after intra-module diversification is applied) has increased by £37 million over 2019 (see table E2.1). The main changes in the risk profile for the underwriting risk module are as follows:
  - the strong equity market performance and the growth of the book have increased the lapse risk; and
  - the increase in the size of the book and the increase in the per policy expense assumption have increased the expense risk.

- The diversification benefit has increased over 2019 in line with the increases in capital in the individual risk modules.

There are net deferred tax liabilities on the Solvency II base balance sheet for OMWLP as at 31 December 2019. The following individual deferred tax assets are netted against deferred tax liabilities based on the relevant IFRS accounting standard (IAS12):

- £22 million DTA on the Risk Margin introduced by Solvency II;
- £6 million DTA relating to historic trading losses brought forward;
- £6 million DTA relating to deferred acquisition expenses (spread over 7 years for tax purposes);
- Less than £1 million DTA relating to a rectification provision which will become tax deductible when utilised.

All of the DTA's are recoverable through the reversal of taxable temporary differences on which the DTL is recognised on the Solvency II base balance sheet.

The loss absorbing capacity of deferred taxes reduces OMWLP's SCR by £87 million at 31 December 2019. The amount of LACDT for OMWLP represents the reduction in its Solvency II balance sheet DTL to nil under the 1-in-200 year stressed scenarios as the business becomes structurally loss making. OMWLP has not recognised any net deferred tax assets nor any tax carry backs under the 1-in-200 year stressed scenarios for the purpose of assessing the amount of LACDT.

The increase in LACDT in 2019 (2018: £29 million) is due to the rise in the Solvency II base balance sheet DTL. This is primarily due to the increase in the equity markets which in turn increased the policyholder DTL on the business that is subject to life office taxation.

E.3 Non-compliance with the MCR and SCR

The Company was compliant with SCR and MCR requirements throughout 2019.

Appendix F.2.1 Quantitative Reporting Templates (QRT) – OMWLP

Appendix F.2.1 Quantitative Reporting Templates (QRT) – OMWLP

This appendix contains the following QRTs applicable to OMWLP at 31 December 2019, as required under Solvency II regulations. Annual solo QRTs referred to in Solvency II legislation that are not relevant to OMWLP are excluded from this list.

1. S.02.01.02 Balance sheet
2. S.05.01.02 Premiums, claims and expenses by line of business (unaudited)
3. S.12.01.02 Life and Health SLT Technical Provisions
4. S.23.01.01 Own funds
5. S.25.01.21 Solvency Capital Requirement - for undertakings on Standard Formula
6. S.28.01.01 Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

All figures are presented in £000s with the exception of ratios that are in percentages.

F.2.1.1 S.02.01.02 Balance Sheet £000

		Solvency II value
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	-
Deferred tax assets	R0040	-
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	-
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	386,187
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	-
Equities	R0100	-
Equities – listed	R0110	-
Equities – unlisted	R0120	-
Bonds	R0130	2,093
Government Bonds	R0140	2,093
Corporate Bonds	R0150	-
Structured notes	R0160	-
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	384,094
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	-
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	31,898,548
Loans and mortgages	R0230	-
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	-
Reinsurance recoverables from:	R0270	-
Non-life and health similar to non-life	R0280	-
Non-life excluding health	R0290	-
Health similar to non-life	R0300	-
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	-
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	67,192
Reinsurance receivables	R0370	-
Receivables (trade, not insurance)	R0380	23,099
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	16,765
Any other assets, not elsewhere shown	R0420	-
Total assets	**R0500**	**32,391,791**

F.2.1.1 S.02.01.02 Balance Sheet £000

		Solvency II value
		C0010
Liabilities		
Technical provisions – non-life	R0510	-
Technical provisions – non-life (excluding health)	R0520	-
Technical provisions calculated as a whole	R0530	-
Best estimate	R0540	-
Risk margin	R0550	-
Technical provisions - health (similar to non-life)	R0560	-
Technical provisions - calculated as a whole	R0570	-
Best estimate	R0580	-
Risk margin	R0590	-
Technical provisions - life (excluding index-linked and unit-linked)	R0600	-
Technical provisions - health (similar to life)	R0610	-
Technical provisions calculated as a whole	R0620	-
Best estimate	R0630	-
Risk margin	R0640	-
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	-
Technical provisions calculated as a whole	R0660	-
Best estimate	R0670	-
Risk margin	R0680	-
Technical provisions – index-linked and unit-linked	R0690	31,618,343
Technical provisions calculated as a whole	R0700	31,882,228
Best estimate	R0710	(384,864)
Risk margin	R0720	120,979
Other technical provisions	R0730	
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	-
Pension benefit obligations	R0760	-
Deposits from reinsurers	R0770	-
Deferred tax liabilities	R0780	87,143
Derivatives	R0790	-
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	275,958
Reinsurance payables	R0830	-
Payables (trade, not insurance)	R0840	4,783
Subordinated liabilities	R0850	-
Subordinated liabilities not in Basic own funds	R0860	-
Subordinated liabilities in Basic own funds	R0870	-
Any other liabilities, not elsewhere shown	R0880	-
Total liabilities	R0900	**31,986,228**
Excess of assets over liabilities	R1000	**405,563**

F.2.1.2 S.05.01.02 Premiums, claims and expenses by line of business £000

		Line of Business for: life insurance obligations						Life reinsurance obligations		
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	Total
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410	-	-	3,843,265	-	-	-	-	-	3,843,265
Reinsurers' share	R1420	-	-	13	-	-	-	-	-	13
Net	R1500	-	-	3,843,252	-	-	-	-	-	3,843,252
Premiums earned										
Gross	R1510	-	-	3,843,265	-	-	-	-	-	3,843,265
Reinsurers' share	R1520	-	-	13	-	-	-	-	-	13
Net	R1600	-	-	3,843,252	-	-	-	-	-	3,843,252
Claims incurred										
Gross	R1610	-	-	2,480,946	-	-	-	-	-	2,480,946
Reinsurers' share	R1620	-	-	-	-	-	-	-	-	-
Net	R1700	-	-	2,480,946	-	-	-	-	-	2,480,946
Changes in other technical prov.										
Gross	R1710	-	-	(5,070,149)	-	-	-	-	-	(5,070,149)
Reinsurers' share	R1720	-	-	-	-	-	-	-	-	-
Net	R1800	-	-	(5,070,149)	-	-	-	-	-	(5,070,149)
Expenses incurred	R1900	-	-	96,126	-	-	-	-	-	96,126
Other expenses	R2500									-
Total expenses	R2600									96,126

F.2.1.3 S.12.01.02 Life and Health SLT Technical Provisions £000

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150
Technical provisions calculated as a whole	**R0010**	-	31,882,228			-			-	-	**31,882,228**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0020**	-	-			-			-	-	**-**
Technical provisions calculated as a sum of BE and RM											
Best Estimate											
Gross Best Estimate	**R0030**	-		-	(384,864)		-	-	-	-	**(384,864)**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	-		-	-		-	-	-	-	**-**
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	-		-	(384,864)		-	-	-	-	**(384,864)**
Risk Margin	**R0100**	-	120,979			-			-	-	**120,979**
Amount of the transitional on Technical Provisions											
Technical Provisions calculated as a whole	**R0110**	-	-			-			-	-	**-**
Best estimate	**R0120**	-		-	-		-	-	-	-	**-**
Risk margin	**R0130**	-	-			-			-	-	**-**
Technical provisions – total	**R0200**	-	31,618,343			-			-	-	**31,618,343**

F.2.1.3 S.12.01.02 Life and Health SLT Technical Provisions £000

		Health insurance (direct business)			Annuities stemming from non-life insurance	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
			Contracts without options and guarantees	Contracts with options or guarantees			
		C0160	C0170	C0180	C0190	C0200	C0210
Technical provisions calculated as a whole	R0010	-			-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020	-			-	-	-
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Gross Best Estimate	R0030		-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080		-	-	-	-	-
Best estimate minus recoverables from reinsurance/SPV and Finite Re – total	R0090		-	-	-	-	-
Risk Margin	R0100	-			-	-	-
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	R0110	-			-	-	-
Best estimate	R0120		-	-	-	-	-
Risk margin	R0130	-			-	-	-
Technical provisions – total	R0200	-			-	-	-

F.2.1.4 S.23.01.01 Own funds £000

		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
		C0010	**C0020**	**C0030**	**C0040**	**C0050**
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	**R0010**	102,000	102,000		-	
Share premium account related to ordinary share capital	**R0030**	-	-		-	
Initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual-type undertakings	**R0040**	-	-		-	
Subordinated mutual member accounts	**R0050**	-		-	-	-
Surplus funds	**R0070**	-	-			
Preference shares	**R0090**	-		-	-	-
Share premium account related to preference shares	**R0110**	-		-	-	-
Reconciliation reserve	**R0130**	283,563	283,563			
Subordinated liabilities	**R0140**	-		-	-	-
An amount equal to the value of net deferred tax assets	**R0160**	-				-
Other own fund items approved by the supervisory authority as basic own funds not specified above	**R0180**	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**	-				
Deductions						
Deductions for participations in financial and credit institutions	**R0230**	-	-	-	-	-
Total basic own funds after deductions	**R0290**	385,563	385,563	-	-	-
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**	-			-	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**	-			-	
Unpaid and uncalled preference shares callable on demand	**R0320**	-			-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**	-			-	-
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**	-			-	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**	-			-	-
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**	-			-	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**	-			-	-
Other ancillary own funds	**R0390**	-			-	-
Total ancillary own funds	**R0400**	-			-	-
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	385,563	385,563	-	-	-
Total available own funds to meet the MCR	**R0510**	385,563	385,563	-	-	
Total eligible own funds to meet the SCR	**R0540**	385,563	385,563	-	-	-
Total eligible own funds to meet the MCR	**R0550**	385,563	385,563	-	-	
SCR	**R0580**	288,337				
MCR	**R0600**	129,752				
Ratio of Eligible own funds to SCR	**R0620**	134%				
Ratio of Eligible own funds to MCR	**R0640**	297%				

F.2.1.4 S.23.01.01 Own funds £000

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	405,563
Own shares (held directly and indirectly)	**R0710**	-
Foreseeable dividends, distributions and charges	**R0720**	20,000
Other basic own fund items	**R0730**	102,000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	-
Reconciliation reserve	**R0760**	283,563
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	-
Expected profits included in future premiums (EPIFP) - Non-life business	**R0780**	-
Total Expected profits included in future premiums (EPIFP)	**R0790**	-

F.2.1.5 S.25.01.21 Solvency Capital Requirement – for undertakings on Standard Formula £000

Basic Solvency Capital Requirement

		Gross solvency capital requirement	USP	Simplifications
		C0110	**C0090**	**C0120**
Market risk	**R0010**	213,790		–
Counterparty default risk	**R0020**	3,047		
Life underwriting risk	**R0030**	237,482	none	–
Health underwriting risk	**R0040**	-	none	–
Non-life underwriting risk	**R0050**	-	none	–
Diversification	**R0060**	(96,288)		
Intangible asset risk	**R0070**	-		
Basic Solvency Capital Requirement	**R0100**	358,032		

F.2.1.5 S.25.01.21 Solvency Capital Requirement – for undertakings on Standard Formula £000

Calculation of Solvency Capital Requirement

		Value
		C0100
Operational risk	**R0130**	17,448
Loss-absorbing capacity of technical provisions	**R0140**	-
Loss-absorbing capacity of deferred taxes	**R0150**	(87,143)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	-
Solvency capital requirement excluding capital add-on	**R0200**	288,337
Capital add-on already set	**R0210**	-
Solvency capital requirement	**R0220**	288,337
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	**R0400**	-
Total amount of Notional Solvency Capital Requirement for remaining part	**R0410**	-
Total amount of Notional Solvency Capital Requirements for ring fenced funds	**R0420**	-
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	**R0430**	-
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	-

F.2.1.5 S.25.01.21 Solvency Capital Requirement – for undertakings on Standard Formula £000

Approach to tax rate		Yes/No
		C0109
Approach based on average tax rate	R0590	Approach not based on average tax rate

F.2.1.6 S.28.01.01 Minimum Capital Requirement

Linear formula component for life insurance and reinsurance obligations

			Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0040	C0050	C0060
MCRL Result	R0200	220,833		
Obligations with profit participation - guaranteed benefits	R0210		-	
Obligations with profit participation - future discretionary benefits	R0220		-	
Index-linked and unit-linked insurance obligations	R0230		31,497,365	
Other life (re)insurance and health (re)insurance obligations	R0240		-	
Total capital at risk for all life (re)insurance obligations	R0250			501,444

F.2.1.6 S.28.01.01 Minimum Capital Requirement - Overall MCR calculation

		C0070
Linear MCR	R0300	220,833
SCR	R0310	288,337
MCR cap	R0320	129,752
MCR floor	R0330	72,084
Combined MCR	R0340	129,752
Absolute floor of the MCR	R0350	3,187
Minimum Capital Requirement	R0400	129,752

Appendix F.2.2
Group QRTs

Appendix F.2.2 Group QRTs

This appendix contains the following QRTs applicable to Group at 31 December 2019, as required under Solvency II regulations. Any annual Group QRTs referred to in Solvency II legislation that are not relevant to the Group are excluded from this list.

1. S.02.01.02 Balance sheet
2. S.05.01.02 Premiums, claims and expenses by line of business
3. S.05.02.01 Premiums, claims and expenses by country
4. S.23.01.22 Own funds
5. S.25.01.22 Solvency Capital Requirement - for groups on Standard Formula
6. S.32.01.22 Undertakings in the scope of the Group

All figures are presented in £000s with the exception of ratios that are in percentages.

F.2.2.1 S.02.01.02 Balance sheet £000

		Solvency II value
		C0010
Assets		
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	-
Deferred tax assets	**R0040**	27,591
Pension benefit surplus	**R0050**	-
Property, plant & equipment held for own use	**R0060**	109,255
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	1,319,234
Property (other than for own use)	**R0080**	-
Holdings in related undertakings, including participations	**R0090**	444,435
Equities	**R0100**	1,487
Equities – listed	**R0110**	22
Equities – unlisted	**R0120**	1,465
Bonds	**R0130**	4,470
Government Bonds	**R0140**	4,395
Corporate Bonds	**R0150**	75
Structured notes	**R0160**	-
Collateralised securities	**R0170**	-
Collective Investments Undertakings	**R0180**	825,786
Derivatives	**R0190**	365
Deposits other than cash equivalents	**R0200**	42,690
Other investments	**R0210**	-
Assets held for index-linked and unit-linked contracts	**R0220**	52,228,081
Loans and mortgages	**R0230**	185,924
Loans on policies	**R0240**	179,850
Loans and mortgages to individuals	**R0250**	-
Other loans and mortgages	**R0260**	6,074
Reinsurance recoverables from:	**R0270**	(18,463)
Non-life and health similar to non-life	**R0280**	-
Non-life excluding health	**R0290**	-
Health similar to non-life	**R0300**	-
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	15
Health similar to life	**R0320**	-
Life excluding health and index-linked and unit-linked	**R0330**	15
Life index-linked and unit-linked	**R0340**	(18,478)
Deposits to cedants	**R0350**	-
Insurance and intermediaries receivables	**R0360**	67,192
Reinsurance receivables	**R0370**	-
Receivables (trade, not insurance)	**R0380**	80,007
Own shares (held directly)	**R0390**	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	-
Cash and cash equivalents	**R0410**	557,613
Any other assets, not elsewhere shown	**R0420**	-
Total assets	**R0500**	**54,556,436**

F.2.2.1 S.02.01.02 Balance sheet £000

		Solvency II value
		C0010
Liabilities		
Technical provisions – non-life	**R0510**	-
Technical provisions – non-life (excluding health)	**R0520**	-
Technical provisions calculated as a whole	**R0530**	-
Best estimate	**R0540**	-
Risk margin	**R0550**	-
Technical provisions - health (similar to non-life)	**R0560**	-
Technical provisions calculated as a whole	**R0570**	-
Best estimate	**R0580**	-
Risk margin	**R0590**	-
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	16
Technical provisions - health (similar to life)	**R0610**	-
Technical provisions calculated as a whole	**R0620**	-
Best estimate	**R0630**	-
Risk margin	**R0640**	-
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	16
Technical provisions calculated as a whole	**R0660**	-
Best estimate	**R0670**	16
Risk margin	**R0680**	-
Technical provisions – index-linked and unit-linked	**R0690**	51,615,955
Technical provisions calculated as a whole	**R0700**	52,455,861
Best estimate	**R0710**	(1,087,199)
Risk margin	**R0720**	247,294
Other technical provisions	**R0730**	
Contingent liabilities	**R0740**	-
Provisions other than technical provisions	**R0750**	27,082
Pension benefit obligations	**R0760**	-
Deposits from reinsurers	**R0770**	-
Deferred tax liabilities	**R0780**	87,143
Derivatives	**R0790**	-
Debts owed to credit institutions	**R0800**	-
Financial liabilities other than debts owed to credit institutions	**R0810**	105,671
Insurance & intermediaries payables	**R0820**	319,847
Reinsurance payables	**R0830**	634
Payables (trade, not insurance)	**R0840**	136,502
Subordinated liabilities	**R0850**	206,698
Subordinated liabilities not in Basic own funds	**R0860**	-
Subordinated liabilities in Basic own funds	**R0870**	206,698
Any other liabilities, not elsewhere shown	**R0880**	-
Total liabilities	**R0900**	**52,499,548**
Excess of assets over liabilities	**R1000**	**2,056,888**

F.2.2.2 S.05.01.02 Premiums, claims and expenses by line of business £000

Non-Life (direct business/accepted proportional reinsurance and accepted non-proportional reinsurance)

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0200
Premiums written														
Gross – Direct Business	R0110	–	–	–	–	–	–	–	–	–	–	–	–	–
Gross – Proportional reinsurance accepted	R0120	–	–	–	–	–	–	–	–	–	–	–	–	–
Gross – Non-proportional reinsurance accepted	R0130													–
Reinsurers' share	R0140	–	–	–	–	–	–	–	–	–	–	–	–	–
Net	R0200	–	–	–	–	–	–	–	–	–	–	–	–	–
Premiums earned														
Gross – Direct Business	R0210	–	–	–	–	–	–	–	–	–	–	–	–	–
Gross – Proportional reinsurance accepted	R0220	–	–	–	–	–	–	–	–	–	–	–	–	–
Gross – Non-proportional reinsurance accepted	R0230													–
Reinsurers' share	R0240	–	–	–	–	–	–	–	–	–	–	–	–	–
Net	R0300	–	–	–	–	–	–	–	–	–	–	–	–	–
Claims incurred														
Gross – Direct Business	R0310	–	–	–	–	–	–	–	–	–	–	–	–	–
Gross – Proportional reinsurance accepted	R0320	–	–	–	–	–	–	–	–	–	–	–	–	–
Gross – Non-proportional reinsurance accepted	R0330													–
Reinsurers' share	R0340	–	–	–	–	–	–	–	–	–	–	–	–	–
Net	R0400	–	–	–	–	–	–	–	–	–	–	–	–	–
Changes in other technical provisions														
Gross – Direct Business	R0410	–	–	–	–	–	–	–	–	–	–	–	–	–
Gross – Proportional reinsurance accepted	R0420	–	–	–	–	–	–	–	–	–	–	–	–	–
Gross – Non-proportional reinsurance accepted	R0430													–
Reinsurers' share	R0440	–	–	–	–	–	–	–	–	–	–	–	–	–
Net	R0500	–	–	–	–	–	–	–	–	–	–	–	–	–
Expenses Incurred	R0550	–	–	–	–	–	–	–	–	–	–	–	–	–
Other expenses	R1200													–
Total expenses	R1300													–

F.2.2.2 S.05.01.02 Premiums, claims and expenses by line of business £000

Non-Life (direct business/accepted proportional reinsurance and accepted non-proportional reinsurance)

		Line of Business for: accepted non-proportional reinsurance				Total
		Health	Casualty	Marine, aviation, transport	Property	
		C0130	C0140	C0150	C0160	C0200
Premiums written						
Gross – Direct Business	R0110					–
Gross – Proportional reinsurance accepted	R0120					–
Gross – Non-proportional reinsurance accepted	R0130	–	–	–	–	–
Reinsurers' share	R0140	–	–	–	–	–
Net	R0200	–	–	–	–	–
Premiums earned						
Gross – Direct Business	R0210					–
Gross – Proportional reinsurance accepted	R0220					–
Gross – Non-proportional reinsurance accepted	R0230	–	–	–	–	–
Reinsurers' share	R0240	–	–	–	–	–
Net	R0300	–	–	–	–	–
Claims incurred						
Gross – Direct Business	R0310					–
Gross – Proportional reinsurance accepted	R0320					–
Gross – Non-proportional reinsurance accepted	R0330	–	–	–	–	–
Reinsurers' share	R0340	–	–	–	–	–
Net	R0400	–	–	–	–	–
Changes in other technical provisions						
Gross – Direct Business	R0410					–
Gross – Proportional reinsurance accepted	R0420					–
Gross – Non-proportional reinsurance accepted	R0430	–	–	–	–	–
Reinsurers' share	R0440	–	–	–	–	–
Net	R0500	–	–	–	–	–
Expenses Incurred	R0550	–	–	–	–	–
Other expenses	R1200					–
Total expenses	R1300					–

F.2.2.2 S.05.01.02 Premiums, claims and expenses by line of business £000

Life		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	**R1410**	10,392	-	6,149,951	68,986	-	-	-	-	**6,229,329**
Reinsurers' share	**R1420**	7,514	-	252,340	46,381	-	-	-	-	**306,235**
Net	**R1500**	2,878	-	5,897,611	22,604	-	-	-	-	**5,923,094**
Premiums earned										
Gross	**R1510**	10,392	-	6,153,253	68,986	-	-	-	-	**6,232,631**
Reinsurers' share	**R1520**	7,514	-	252,340	46,381	-	-	-	-	**306,235**
Net	**R1600**	2,878	-	5,900,913	22,604	-	-	-	-	**5,926,396**
Claims incurred										
Gross	**R1610**	13,220	-	7,748,105	38,550	-	-	-	-	**7,799,875**
Reinsurers' share	**R1620**	11,095	-	1,395,930	32,076	-	-	-	-	**1,439,101**
Net	**R1700**	2,125	-	6,352,174	6,474	-	-	-	-	**6,360,773**
Changes in other technical provisions										
Gross	**R1710**	440	-	(5,308,697)	(136,003)	-	-	-	-	**(5,444,260)**
Reinsurers' share	**R1720**	4,296	-	940,773	(124,030)	-	-	-	-	**821,039**
Net	**R1800**	(3,856)	-	(6,249,469)	(11,973)	-	-	-	-	**(6,265,299)**
Expenses incurred	**R1900**	1,748	-	324,594	15,674	-	-	-	-	**342,016**
Other expenses	**R2500**									**(1,315)**
Total expenses	**R2600**									**340,701**

F.2.2.3 S.05.02.01 – Premiums, claims and expenses by country £000

Home Country – non-life obligations		Home country	Country (by amount of gross premiums written) – non-life obligations	Total Top 5 and home country
		C0080	C0090	C0140
Premiums written				
Gross – Direct Business	R0110	–	–	–
Gross – Proportional reinsurance accepted	R0120	–	–	–
Gross – Non-proportional reinsurance	R0130	–	–	–
Reinsurers' share	R0140	–	–	–
Net	R0200	–	–	–
Premiums earned				
Gross – Direct Business	R0210	–	–	–
Gross – Proportional reinsurance accepted	R0220	–	–	–
Gross – Non-proportional reinsurance	R0230	–	–	–
Reinsurers' share	R0240	–	–	–
Net	R0300	–	–	–
Claims incurred				
Gross – Direct Business	R0310	–	–	–
Gross – Proportional reinsurance accepted	R0320	–	–	–
Gross – Non-proportional reinsurance	R0330	–	–	–
Reinsurers' share	R0340	–	–	–
Net	R0400	–	–	–
Changes in other technical provisions				
Gross – Direct Business	R0410	–	–	–
Gross – Proportional reinsurance accepted	R0420	–	–	–
Gross – Non-proportional reinsurance	R0430	–	–	–
Reinsurers' share	R0440	–	–	–
Net	R0500	–	–	–
Expenses incurred	R0550	–	–	–
Other expenses	R1200			–
Total expenses	R1300			–

F.2.2.3 S.05.02.01 – Premiums, claims and expenses by country £000 Home Country – life obligations

		Home country	Country (by amount of gross premiums written) – life obligations	Total Top 5 and home country
Country	**R1400**		IM	
		C0220	**C0230**	**C0280**
Premiums written				
Gross	**R1410**	4,445,625	1,362,396	5,808,021
Reinsurers' share	**R1420**	303,452	1,612	305,064
Net	**R1500**	4,142,173	1,360,784	5,502,957
Premiums earned				
Gross	**R1510**	4,448,927	1,362,396	5,811,323
Reinsurers' share	**R1520**	303,452	1,612	305,064
Net	**R1600**	4,145,475	1,360,784	5,506,259
Claims incurred				
Gross	**R1610**	6,383,356	1,059,726	7,443,082
Reinsurers' share	**R1620**	1,437,512	204	1,437,716
Net	**R1700**	4,945,844	1,059,522	6,005,366
Changes in other technical provisions				
Gross	**R1710**	(3,438,342)	(1,613,623)	(5,051,964)
Reinsurers' share	**R1720**	821,071	11	821,082
Net	**R1800**	(4,259,413)	(1,613,634)	(5,873,046)
Expenses incurred	**R1900**	177,246	133,039	310,284
Other expenses	**R2500**			(1,851)
Total expenses	**R2600**			308,433

F.2.2.4 S.23.01.22 Own funds £000

		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
		C0010	**C0020**	**C0030**	**C0040**	**C0050**
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	**R0010**	133,158	133,158		-	
Non-available called but not paid in ordinary share capital at group level	**R0020**	-	-		-	
Share premium account related to ordinary share capital	**R0030**	58,144	58,144		-	
Initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual-type undertakings	**R0040**	-	-		-	
Subordinated mutual member accounts	**R0050**	-		-	-	-
Non-available subordinated mutual member accounts at group level	**R0060**	-		-	-	-
Surplus funds	**R0070**	-	-			
Non-available surplus funds at group level	**R0080**	-	-			
Preference shares	**R0090**	-		-	-	-
Non-available preference shares at group level	**R0100**	-		-	-	-
Share premium account related to preference shares	**R0110**	-		-	-	-
Non-available share premium account related to preference shares at group level	**R0120**	-		-	-	-
Reconciliation reserve	**R0130**	1,733,834	1,733,834			
Subordinated liabilities	**R0140**	206,698		-	206,698	-
Non-available subordinated liabilities at group level	**R0150**	-		-	-	-
An amount equal to the value of net deferred tax assets	**R0160**	-				–
The amount equal to the value of net deferred tax assets not available at the group level	**R0170**	-				–
Other items approved by supervisory authority as basic own funds not specified above	**R0180**	-	-	-	-	-
Non-available own funds related to other own funds items approved by supervisory authority	**R0190**	-	-	-	-	-
Minority interests (if not reported as part of a specific own fund item)	**R0200**	-	-	-	-	-
Non-available minority interests at group level	**R0210**	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**	-				
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	**R0230**	424,263	424,263	-	-	-
whereof deducted according to art 228 of the Directive 2009/138/EC	**R0240**	-	-	-	-	
Deductions for participations where there is non-availability of information (Article 229)	**R0250**	-	-	-	-	-
Deduction for participations included by using D&A when a combination of methods is used	**R0260**	-	-	-	-	-
Total of non-available own fund items	**R0270**	-	-	-	-	-
Total deductions	**R0280**	424,263	424,263	-	-	-
Total basic own funds after deductions	**R0290**	1,707,570	1,500,872	-	206,698	-

F.2.2.4 S.23.01.22 Own funds £000

		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
		C0010	**C0020**	**C0030**	**C0040**	**C0050**
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**	-			-	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**	-			-	
Unpaid and uncalled preference shares callable on demand	**R0320**	-			-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**	-			-	-
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**	-			-	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**	-			-	-
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**	-			-	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**	-			-	-
Non-available ancillary own funds at group level	**R0380**	-			-	-
Other ancillary own funds	**R0390**	-			-	-
Total ancillary own funds	**R0400**	-			-	-
Own funds of other financial sectors						
Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies – total	**R0410**	424,263	424,263	-	-	
Institutions for occupational retirement provision	**R0420**	-	-	-	-	-
Non-regulated entities carrying out financial activities	**R0430**	-	-	-	-	
Total own funds of other financial sectors	**R0440**	424,263	424,263	-	-	-
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	**R0450**	-	-	-	-	-
Own funds aggregated when using the D&A and combination of method net of IGT	**R0460**	-	-	-	-	-
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0520**	1,707,570	1,500,872	-	206,698	-
Total available own funds to meet the minimum consolidated group SCR	**R0530**	1,707,570	1,500,872	-	206,698	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0560**	1,707,570	1,500,872	-	206,698	-
Total eligible own funds to meet the minimum consolidated group SCR	**R0570**	1,550,294	1,500,872	-	49,422	
Minimum consolidated Group SCR	**R0610**	247,110				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	**R0650**	627.37%				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	**R0660**	2,131,833	1,925,135	-	206,698	-
Group SCR	**R0680**	963,784				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	**R0690**	221.19%				

F.2.2.4 S.23.01.22 Own funds £000

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	2,056,888
Own shares (held directly and indirectly)	**R0710**	-
Foreseeable dividends, distributions and charges	**R0720**	64,706
Other basic own fund items	**R0730**	191,301
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	-
Other non-available own funds	**R0750**	67,047
Reconciliation reserve	**R0760**	1,733,834
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	4,832
Expected profits included in future premiums (EPIFP) - Non-life business	**R0780**	-
Total Expected profits included in future premiums (EPIFP)	**R0790**	4,832

F.2.2.5 S.25.01.22 Solvency Capital Requirement – for groups on Standard Formula £000

Basic Solvency Capital Requirement		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	341,014		-
Counterparty default risk	R0020	31,476		
Life underwriting risk	R0030	464,924	none	-
Health underwriting risk	R0040	-	none	-
Non-life underwriting risk	R0050	-	none	-
Diversification	R0060	(185,193)		
Intangible asset risk	R0070	-		
Basic Solvency Capital Requirement	R0100	652,221		

Calculation of Solvency Capital Requirement

		Value
		C0100
Operational risk	R0130	32,526
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	(83,225)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency Capital Requirement excluding capital add-on	R0200	601,523
Capital add-ons already set	R0210	-
Solvency capital requirement for undertakings under consolidated method	R0220	963,784
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	-
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	-
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	-
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	-
Diversification effects due to RFF nSCR aggregation for article 304	R0440	-
Minimum consolidated group solvency capital requirement	R0470	247,110
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	362,261
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	362,261
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	-
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non-regulated entities carrying out financial activities	R0530	-
Capital requirement for non-controlled participation requirements	R0540	-
Capital requirement for residual undertakings	R0550	-
Overall SCR		
SCR for undertakings included via D and A	R0560	-
Solvency capital requirement	R0570	963,784

F.2.2.6 S.32.01.22 Undertakings in the scope of the Group

								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	Identification code and type of code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non-mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
SG	213800JYPH619QVGEZ51	LEI	AAM Advisory PTE. Ltd.	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Monetary Authority of Singapore	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
PA	54930092XIVK28RZGM95P A60813	SPECIFIC	Accord Brook S.A.	Other	SA	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
VG	54930092XIVK28RZGM95V G60814	SPECIFIC	Akito Inc.	Other	Inc	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
PA	54930092XIVK28RZGM95P A60815	SPECIFIC	Atwood Development S.A.	Other	SA	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
VG	54930092XIVK28RZGM95V G60816	SPECIFIC	Avanna Global Corp.	Other	Corp	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
VG	54930092XIVK28RZGM95V G60817	SPECIFIC	Bliss Spring Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
GB	54930092XIVK28RZGM95G B60760	SPECIFIC	Blueprint Distribution Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60761	SPECIFIC	Blueprint Financial Services Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60762	SPECIFIC	Blueprint Organisation Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
JE	213800PVPC9NZDEEHE86	LEI	C.I.P.M. Nominees Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60764	SPECIFIC	Caerus Bureau Services Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60765	SPECIFIC	Caerus Capital Group Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60766	SPECIFIC	Caerus Holdings Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60767	SPECIFIC	Caerus Wealth Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G	SPECIFIC	Caerus Wealth	Credit institution,	Ltd	Non-mutual	Financial	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral

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								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	Identification code and type of code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non-mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
	B60768		Solutions Limited	investment firm and financial institution			Conduct Authority									rules
VG	54930092XIVK28RZGM95V G60819	SPECIFIC	Cannon Capital Investment Corp.	Other	Corp	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
GB	54930092XIVK28RZGM95G B60601	SPECIFIC	Charles Derby Group Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60602	SPECIFIC	Charles Derby Private Clients Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60603	SPECIFIC	Charles Derby Wealth Management Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60604	SPECIFIC	Charles Jacques Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800UI2P3SUZ12IZ87	LEI	Cheviot Capital (Nominees) Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B70571	SPECIFIC	Commsale 2000 Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	213800SUDIGNGVFMZ514	LEI	D G Pryde Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
JE	213800QR59K3YBMEJU59	LEI	Electrolight Investments Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
VG	54930092XIVK28RZGM95V G60820	SPECIFIC	Elegant Inn Inc	Other	Inc	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
VG	54930092XIVK28RZGM95V G60827	SPECIFIC	Epoch Vision Ventures Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
GB	54930092XIVK28RZGM95G B60605	SPECIFIC	Falcon Financial Advice Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60606	SPECIFIC	Financial Services Advice & Support Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules

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Country	*Identification code and type of code of the undertaking*	*Type of code of the ID of the undertaking*	*Legal Name of the undertaking*	*Type of undertaking*	*Legal form*	*Category (mutual/non-mutual)*	*Supervisory Authority*	*% capital share*	*% used for the establishment of consolidated accounts*	*% voting rights*	*Other criteria*	*Level of influence*	*Proportional share used for group solvency calculation*	*Yes/No*	*Date of decision if art. 214 is applied*	*Method used and under method 1, treatment of the undertaking*
C0010	**C0020**	**C0020**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0180**	**C0190**	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
GB	54930092XIVK28RZGM95G B60607	SPECIFIC	Forward Thinking Wealth Management Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	2138002A3ECW6QAPE347	LEI	Freedom Financial Planning (Manchester) Ltd.	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
ZA	54930092XIVK28RZGM95Z A60759	SPECIFIC	Global Edge Technologies (Pty) Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
VG	54930092XIVK28RZGM95V G60831	SPECIFIC	Grandeur Valley Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
GB	54930092XIVK28RZGM95G B60799	SPECIFIC	IFA Holding Company Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZGM95G B60742	SPECIFIC	IFA Services Holdings Company Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZGM95G B60F23	SPECIFIC	Intrinsic Cirilium Investment Company Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60770	SPECIFIC	Intrinsic Financial Solutions Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60771	SPECIFIC	Intrinsic Valuation Services Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60772	SPECIFIC	Intrinsic Wealth Financial Solutions Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
VG	54930092XIVK28RZGM95V G60821	SPECIFIC	Isidro Mayo Corp.	Other	Corp	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
VG	54930092XIVK28RZGM95V G60828	SPECIFIC	Libby Ventures Ltd	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
GB	213800S3MTPMT4M1RP52	LEI	Lighthouse Advisory Services Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G	SPECIFIC	Lighthouse Benefits	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral

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Country	*Identification code and type of code of the undertaking*	*Type of code of the ID of the undertaking*	*Legal Name of the undertaking*	*Type of undertaking*	*Legal form*	*Category (mutual/non-mutual)*	*Supervisory Authority*	*% capital share*	*% used for the establishment of consolidated accounts*	*% voting rights*	*Other criteria*	*Level of influence*	*Proportional share used for group solvency calculation*	*Yes/No*	*Date of decision if art. 214 is applied*	*Method used and under method 1, treatment of the undertaking*
C0010	**C0020**	**C0020**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0180**	**C0190**	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
	B60608		Limited													rules
GB	54930092XIVK28RZGM95G B60609	SPECIFIC	Lighthouse Corporate Services Ltd	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60610	SPECIFIC	Lighthouse Direct Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60611	SPECIFIC	Lighthouse Financial Advice Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60612	SPECIFIC	Lighthouse Financial Adviser Services Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60613	SPECIFIC	Lighthouse Financial Advisers Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	2138003LGL2LLBHK3C74	LEI	Lighthouse Group plc	Credit institution, investment firm and financial institution	PLC	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60614	SPECIFIC	Lighthouse Pensions Help Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60615	SPECIFIC	Lighthouse Support Services Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60616	SPECIFIC	Lighthouse Wealth Management Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60617	SPECIFIC	Lighthouse+ Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60618	SPECIFIC	LighthouseCarrwood Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60619	SPECIFIC	Lighthouseplus Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60620	SPECIFIC	Lighthousetemple Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60621	SPECIFIC	LighthouseWealth Limited	Credit institution, investment firm and	Ltd	Non-mutual	Financial Conduct	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules

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Country	Identification code and type of code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non-mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
				financial institution			Authority									
GB	54930092XIVK28RZGM95GB60622	SPECIFIC	LighthouseXpress Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95GB60623	SPECIFIC	Luceo Asset Management Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GG	213800BKDGDFPWZ9I567	LEI	M&G Offshore Global High Yield Bond Fund	Other	Fund	Non-mutual		71.00%	100.00%	71.00%		Dominant	71.00%	Yes		Other method
GB	54930092XIVK28RZGM95GB60773	SPECIFIC	Maestro Financial Services Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
IE	549300QCYAM1J1LTVO30	LEI	Merian Asian Equity Income Fund	Other	Fund	Non-mutual		82.00%	100.00%	82.00%		Dominant	82.00%	Yes		Other method
IE	549300OPNA2IRJG5LC98	LEI	Merian Global Equity Income Fund (IRL)	Other	Fund	Non-mutual		70.00%	100.00%	70.00%		Dominant	70.00%	Yes		Other method
IE	H9ZSJDBNAKTD8KDUBC61	LEI	Merian Local Currency Emerging Market Debt Fund	Other	Fund	Non-mutual		56.00%	100.00%	56.00%		Dominant	56.00%	Yes		Other method
IE	V7GWBTJY601L5CJ1ZZ74	LEI	Merian Monthly Income Bond Fund	Other	Fund	Non-mutual		61.00%	100.00%	61.00%		Dominant	61.00%	Yes		Other method
IE	549300EQB4ZUFBSHYE93	LEI	Merian Strategic Absolute Return Bond Fund	Other	Fund	Non-mutual		62.00%	100.00%	62.00%		Dominant	62.00%	Yes		Other method
IE	213800CENPE88RKVR268	LEI	Merian Systematic Positive Skew Fund	Other	Fund	Non-mutual		85.00%	100.00%	85.00%		Dominant	85.00%	Yes		Other method
CY	54930092XIVK28RZGM95CY60822	SPECIFIC	Michael Churm Holdings Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
PA	54930092XIVK28RZGM95PA60823	SPECIFIC	Narvik Investment, Inc	Other	Inc	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
GB	54930092XIVK28RZGM95GB60774	SPECIFIC	NPL Financial Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800FZ6BES3NXQPR22	LEI	Old Mutual Compass Portfolio 2	Other	Fund	Non-mutual		57.00%	100.00%	57.00%		Dominant	57.00%	Yes		Other method
GB	213800WE6HOL2PGZK236	LEI	Old Mutual Compass Portfolio 3	Other	Fund	Non-mutual		43.00%	100.00%	43.00%		Dominant	43.00%	Yes		Other method

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C0010	C0020	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	213800N8KN2R977ERR19	LEI	Old Mutual Compass Portfolio 4	Other	Fund	Non-mutual		54.00%	100.00%	54.00%		Dominant	54.00%	Yes		Other method
GB	213800V222XGLLBNBM52	LEI	Old Mutual Compass Portfolio 5	Other	Fund	Non-mutual		53.00%	100.00%	53.00%		Dominant	53.00%	Yes		Other method
DE	54930092XIVK28RZGM95DE60379	SPECIFIC	Old Mutual Europe GmbH	Other	GmbH	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZGM95GB70574	SPECIFIC	Old Mutual Financial Services (UK) Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
LU	549300MPFIG9632EY810	LEI	Old Mutual Global Portfolios – Balanced Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
LU	549300NS4SQ22H9JVK85	LEI	Old Mutual Global Portfolios – Cautious Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
LU	549300BZWZW6R0H3KF50	LEI	Old Mutual Global Portfolios – Dynamic Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
GB	213800Q8JFVPYO1E8K19	LEI	Old Mutual Wealth Holdings Limited	Mixed financial holding company as defined in Article 212 (1)(h) of Directive 2009/138/EC	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Full consolidation
GB	2138003SPFZA4UV23165	LEI	Old Mutual Wealth Life & Pensions Limited	Life insurance undertaking	Ltd	Non-mutual	Prudential Regulation Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Full consolidation
GB	213800EMGTT74XZB3H82	LEI	Old Mutual Wealth Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800KCVWJJ9LC65Z02	LEI	Old Mutual Wealth Nominees Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	213800N2H1KTJ6A6ZG13	LEI	Old Mutual Wealth UK Holding Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Full consolidation

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C0010	C0020	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
IM	54930092XIVK28RZGM95G B70570	SPECIFIC	OMF (IOM) LTD	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZGM95G B70573	SPECIFIC	OMFS (GGP) Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZGM95G B70577	SPECIFIC	OMLA Holdings Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZGM95G B60782	SPECIFIC	OMW Business Services Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
VG	54930092XIVK28RZGM95V G60829	SPECIFIC	Pacific Commercial Services Ltd	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
IE	213800CIYX1TZNKMD959	LEI	Pembroke Quilter (Ireland) Nominees Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60778	SPECIFIC	Premier Planning Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800NTEMORK8SMOX48	LEI	Prescient Financial Intelligence Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
JE	213800LIAJCGBYONII40	LEI	QGCI Nominees Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60781	SPECIFIC	Quilpep Nominees Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800IBELO35UV88W94	LEI	Quilter Business Services Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Full consolidation
IE	213800VLRZE4K61IEG21	LEI	Quilter Cheviot Europe Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Central Bank of Ireland	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800QK4ODGSLOMGC5 4	LEI	Quilter Cheviot Holdings Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules

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								Criteria of influence						*Inclusion in the scope of Group supervision*		*Group solvency calculation*
Country	*Identification code and type of code of the undertaking*	*Type of code of the ID of the undertaking*	*Legal Name of the undertaking*	*Type of undertaking*	*Legal form*	*Category (mutual/non-mutual)*	*Supervisory Authority*	*% capital share*	*% used for the establishment of consolidated accounts*	*% voting rights*	*Other criteria*	*Level of influence*	*Proportional share used for group solvency calculation*	*Yes/No*	*Date of decision if art. 214 is applied*	*Method used and under method 1, treatment of the undertaking*
C0010	**C0020**	**C0020**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0180**	**C0190**	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
JE	54930092XIVK28RZGM95JE 60624	SPECIFIC	Quilter Cheviot International Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Jersey Financial Services Commission	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60783	SPECIFIC	Quilter Cheviot Investment Management Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	213800QCI7X27H677R39	LEI	Quilter Cheviot Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60776	SPECIFIC	Quilter CoSec Services Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZGM95G B60600	SPECIFIC	Quilter Financial Advisers Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800WQUE9YZK8HEA17	LEI	Quilter Financial Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	2138006TCR57D9HEL218	LEI	Quilter Financial Planning Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800MJMK3EVA4F9K89	LEI	Quilter Financial Planning Solutions Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800E5HAL75A8XTN31	LEI	Quilter Financial Services Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60790	SPECIFIC	Quilter Group Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZGM95G B60785	SPECIFIC	Quilter Holdings Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
IM	54930092XIVK28RZGM95I M60366	SPECIFIC	Quilter International Business Services Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Full consolidation
IM	54930092XIVK28RZGM95I	SPECIFIC	Quilter International	Credit institution,	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Full

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Country	*Identification code and type of code of the undertaking*	*Type of code of the ID of the undertaking*	*Legal Name of the undertaking*	*Type of undertaking*	*Legal form*	*Category (mutual/non-mutual)*	*Supervisory Authority*	*% capital share*	*% used for the establishment of consolidated accounts*	*% voting rights*	*Other criteria*	*Level of influence*	*Proportional share used for group solvency calculation*	*Yes/No*	*Date of decision if art. 214 is applied*	*Method used and under method 1, treatment of the undertaking*
C0010	**C0020**	**C0020**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0180**	**C0190**	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
	M60328		Holdings Limited	investment firm and financial institution												consolidation
IE	635400C5JBLAZ15LIE80	LEI	Quilter International Ireland dac	Life insurance undertaking	DAC	Non-mutual	Central Bank of Ireland	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Full consolidation
IM	213800S4DUJWMDMVYE58	LEI	Quilter International Isle of Man Limited	Life insurance undertaking	Ltd	Non-mutual	Isle of Man Financial Services Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Full consolidation
GB	54930092XIVK28RZGM95G B60786	SPECIFIC	Quilter International Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
AE	2138004AKLOLSXKTKM98	LEI	Quilter International Middle East Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Full consolidation
IM	54930092XIVK28RZGM95I M60775	SPECIFIC	Quilter International Trust Company Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	213800PAR6JTK1UJZR37	LEI	Quilter Investors Absolute Return Bond Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
GB	2138002V5I8CZSPR1E96	LEI	Quilter Investors Asia Pacific (ex Japan) Equity Fund	Other	Fund	Non-mutual		97.00%	100.00%	97.00%		Dominant	97.00%	Yes		Other method
GB	549300XPYNVPZWZNCR60	LEI	Quilter Investors Asia Pacific (ex Japan) Large-Cap Equity Fund	Other	Fund	Non-mutual		92.00%	100.00%	92.00%		Dominant	92.00%	Yes		Other method
GB	213800DWWOBRI1KIYG79	LEI	Quilter Investors Asia Pacific Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
GB	549300CEC4QBHDF50X18	LEI	Quilter Investors Bond 1 Fund	Other	Fund	Non-mutual		85.00%	100.00%	85.00%		Dominant	85.00%	Yes		Other method
GB	549300Z2K0ZMXGORDE25	LEI	Quilter Investors Bond 2 Fund	Other	Fund	Non-mutual		88.00%	100.00%	88.00%		Dominant	88.00%	Yes		Other method
GB	549300IWVKI6RFP45X65	LEI	Quilter Investors Bond 3 Fund	Other	Fund	Non-mutual		97.00%	100.00%	97.00%		Dominant	97.00%	Yes		Other method
GB	549300HG0J7HFEQSWP81	LEI	Quilter Investors China Equity Fund	Other	Fund	Non-mutual		62.00%	100.00%	62.00%		Dominant	62.00%	Yes		Other method

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Country	*Identification code and type of code of the undertaking*	*Type of code of the ID of the undertaking*	*Legal Name of the undertaking*	*Type of undertaking*	*Legal form*	*Category (mutual/non-mutual)*	*Supervisory Authority*	*% capital share*	*% used for the establishment of consolidated accounts*	*% voting rights*	*Other criteria*	*Level of influence*	*Proportional share used for group solvency calculation*	*Yes/No*	*Date of decision if art. 214 is applied*	*Method used and under method 1, treatment of the undertaking*
C0010	**C0020**	**C0020**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0180**	**C0190**	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
GB	213800RP7WS2Y53MZS04	LEI	Quilter Investors Cirilium Adventurous Blend Portfolio	Other	Fund	Non-mutual		79.00%	100.00%	79.00%		Dominant	79.00%	Yes		Other method
GB	213800J2241FFUNR1C57	LEI	Quilter Investors Cirilium Adventurous Passive Portfolio	Other	Fund	Non-mutual		51.00%	100.00%	51.00%		Dominant	51.00%	Yes		Other method
GB	213800IMNA1QZX5P5U41	LEI	Quilter Investors Cirilium Adventurous Portfolio	Other	Fund	Non-mutual		54.00%	100.00%	54.00%		Dominant	54.00%	Yes		Other method
GB	213800G78HNMTLXI3249	LEI	Quilter Investors Cirilium Balanced Blend Portfolio	Other	Fund	Non-mutual		72.00%	100.00%	72.00%		Dominant	72.00%	Yes		Other method
GB	2138001YYV9I3QQEUC80	LEI	Quilter Investors Cirilium Balanced Passive Portfolio	Other	Fund	Non-mutual		61.00%	100.00%	61.00%		Dominant	61.00%	Yes		Other method
GB	213800UCMZ1FU92G9E49	LEI	Quilter Investors Cirilium Balanced Portfolio	Other	Fund	Non-mutual		49.00%	100.00%	49.00%		Dominant	49.00%	Yes		Other method
GB	213800XU3K9CI49ZKF90	LEI	Quilter Investors Cirilium Conservative Blend Portfolio	Other	Fund	Non-mutual		73.00%	100.00%	73.00%		Dominant	73.00%	Yes		Other method
GB	213800Y29LKXG6MJ9X44	LEI	Quilter Investors Cirilium Conservative Passive Portfolio	Other	Fund	Non-mutual		56.00%	100.00%	56.00%		Dominant	56.00%	Yes		Other method
GB	213800OG8E1X8NBRDE70	LEI	Quilter Investors Cirilium Conservative Portfolio	Other	Fund	Non-mutual		53.00%	100.00%	53.00%		Dominant	53.00%	Yes		Other method
GB	2138001HMINU97ISQJ47	LEI	Quilter Investors Cirilium Dynamic Blend Portfolio	Other	Fund	Non-mutual		47.00%	100.00%	47.00%		Dominant	47.00%	Yes		Other method
GB	213800P8TYQFD1Q6TG48	LEI	Quilter Investors Cirilium Dynamic Passive Portfolio	Other	Fund	Non-mutual		50.00%	100.00%	50.00%		Dominant	50.00%	Yes		Other method
GB	21380088JCNOMWFYQ748	LEI	Quilter Investors	Other	Fund	Non-mutual		38.00%	100.00%	38.00%		Dominant	38.00%	Yes		Other method

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Country	Identification code and type of code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non-mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	**C0020**	**C0020**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0180**	**C0190**	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
			Cirilium Dynamic Portfolio													
GB	2138007W2L5OHP56Q670	LEI	Quilter Investors Cirilium Moderate Blend Portfolio	Other	Fund	Non-mutual		67.00%	100.00%	67.00%		Dominant	67.00%	Yes		Other method
GB	2138009BMMAIP45Z6R07	LEI	Quilter Investors Cirilium Moderate Passive Portfolio	Other	Fund	Non-mutual		57.00%	100.00%	57.00%		Dominant	57.00%	Yes		Other method
GB	213800NPLUQFK4IWW913	LEI	Quilter Investors Cirilium Moderate Portfolio	Other	Fund	Non-mutual		44.00%	100.00%	44.00%		Dominant	44.00%	Yes		Other method
GB	213800ZXL7T3EHRRBV90	LEI	Quilter Investors Corporate Bond Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
GB	2138006QSR5C2MF8SR55	LEI	Quilter Investors Creation Adventurous Portfolio	Other	Fund	Non-mutual		73.00%	100.00%	73.00%		Dominant	73.00%	Yes		Other method
GB	213800WFFCO2CNAZH785	LEI	Quilter Investors Creation Balanced Portfolio	Other	Fund	Non-mutual		75.00%	100.00%	75.00%		Dominant	75.00%	Yes		Other method
GB	213800739LKMQBX4KD07	LEI	Quilter Investors Creation Conservative Portfolio	Other	Fund	Non-mutual		74.00%	100.00%	74.00%		Dominant	74.00%	Yes		Other method
GB	213800XF3R2S61HZ3633	LEI	Quilter Investors Creation Dynamic Portfolio	Other	Fund	Non-mutual		73.00%	100.00%	73.00%		Dominant	73.00%	Yes		Other method
GB	213800D4M5KG3CC75R76	LEI	Quilter Investors Creation Moderate Portfolio	Other	Fund	Non-mutual		76.00%	100.00%	76.00%		Dominant	76.00%	Yes		Other method
GB	2138003C2APJFEP58K32	LEI	Quilter Investors Diversified Bond Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
GB	213800WHENVE1IP6NO48	LEI	Quilter Investors Emerging Markets Bond Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
GB	2138007FQPA6ZL61U129	LEI	Quilter Investors Emerging Markets	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method

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								Criteria of influence						*Inclusion in the scope of Group supervision*		*Group solvency calculation*
Country	*Identification code and type of code of the undertaking*	*Type of code of the ID of the undertaking*	*Legal Name of the undertaking*	*Type of undertaking*	*Legal form*	*Category (mutual/non-mutual)*	*Supervisory Authority*	*% capital share*	*% used for the establishment of consolidated accounts*	*% voting rights*	*Other criteria*	*Level of influence*	*Proportional share used for group solvency calculation*	*Yes/No*	*Date of decision if art. 214 is applied*	*Method used and under method 1, treatment of the undertaking*
C0010	**C0020**	**C0020**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0180**	**C0190**	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
			Equity Fund													
GB	54930060UMLXQIZ54386	LEI	Quilter Investors Emerging Markets Equity Growth Fund	Other	Fund	Non-mutual		95.00%	100.00%	95.00%		Dominant	95.00%	Yes		Other method
GB	2138006B58JU3MJFUP39	LEI	Quilter Investors Emerging Markets Equity Income Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
GB	213800GVIOU56RXSVJ69	LEI	Quilter Investors Equity 1 Fund	Other	Fund	Non-mutual		79.00%	100.00%	79.00%		Dominant	79.00%	Yes		Other method
GB	213800SRXMXKA2KW1P52	LEI	Quilter Investors Equity 2 Fund	Other	Fund	Non-mutual		95.00%	100.00%	95.00%		Dominant	95.00%	Yes		Other method
GB	549300PMV6MEIJ0JEG66	LEI	Quilter Investors Europe (ex UK) Equity Fund	Other	Fund	Non-mutual		89.00%	100.00%	89.00%		Dominant	89.00%	Yes		Other method
GB	213800PR3AFORX7EVR43	LEI	Quilter Investors Europe (ex UK) Equity Growth Fund	Other	Fund	Non-mutual		92.00%	100.00%	92.00%		Dominant	92.00%	Yes		Other method
GB	2138003W9DDHXLIAHT94	LEI	Quilter Investors Europe (ex UK) Equity Income Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
GB	213800G41GE7FS4XY331	LEI	Quilter Investors Europe (ex UK) Small/Mid-Cap Equity Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
GB	549300SUT7I8WVCAJ330	LEI	Quilter Investors Foundation 3 Fund	Other	Fund	Non-mutual		81.00%	100.00%	81.00%		Dominant	81.00%	Yes		Other method
GB	549300XYRFIXBFJBII22	LEI	Quilter Investors Foundation 5 Fund	Other	Fund	Non-mutual		95.00%	100.00%	95.00%		Dominant	95.00%	Yes		Other method
GB	213800G7ACJOKQWU6U40	LEI	Quilter Investors Generation CPI+ 3 Portfolio	Other	Fund	Non-mutual		74.00%	100.00%	74.00%		Dominant	74.00%	Yes		Other method
GB	213800B6ZM9FLYEX9H16	LEI	Quilter Investors Generation CPI+ 4	Other	Fund	Non-mutual		61.00%	100.00%	61.00%		Dominant	61.00%	Yes		Other method

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Country	Identification code and type of code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non-mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
			Portfolio													
GB	549300FQQEVG1SM5FW21	LEI	Quilter Investors Generation CPI+ 5 Portfolio	Other	Fund	Non-mutual		68.00%	100.00%	68.00%		Dominant	68.00%	Yes		Other method
GB	549300QLGCP5MH7YAO15	LEI	Quilter Investors Gilt Index Fund	Other	Fund	Non-mutual		92.00%	100.00%	92.00%		Dominant	92.00%	Yes		Other method
GB	2138008DPFYG6GZP1663	LEI	Quilter Investors Global Dynamic Equity Fund	Other	Fund	Non-mutual		80.00%	100.00%	80.00%		Dominant	80.00%	Yes		Other method
GB	21380022ZIN2YQ1SFJ38	LEI	Quilter Investors Global Equity Absolute Return Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
GB	213800UIY3IB9RISWM27	LEI	Quilter Investors Global Equity Index Fund	Other	Fund	Non-mutual		73.00%	100.00%	73.00%		Dominant	73.00%	Yes		Other method
GB	549300HOGUZ0HWQEGD40	LEI	Quilter Investors Global Equity Value Fund	Other	Fund	Non-mutual		92.00%	100.00%	92.00%		Dominant	92.00%	Yes		Other method
GB	549300LN9EQLCOD1O483	LEI	Quilter Investors Global Property Securities Fund	Other	Fund	Non-mutual		39.00%	100.00%	39.00%		Dominant	39.00%	Yes		Other method
GB	5493004AQ5HPZUM7JQ16	LEI	Quilter Investors High Yield Bond Fund	Other	Fund	Non-mutual		69.00%	100.00%	69.00%		Dominant	69.00%	Yes		Other method
GB	54930017TI8ZYPMMGQ11	LEI	Quilter Investors Investment Grade Corporate Bond Fund	Other	Fund	Non-mutual		78.00%	100.00%	78.00%		Dominant	78.00%	Yes		Other method
GB	549300LMN7CP5FGHL312	LEI	Quilter Investors Japanese Equity Fund	Other	Fund	Non-mutual		91.00%	100.00%	91.00%		Dominant	91.00%	Yes		Other method
GB	549300BBKTGWZK4L2H55	LEI	Quilter Investors Limited	Alternative investment funds managers as defined in Article 1 (55) of Delegated Regulation (EU) 2015/35	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800DLEQ18W8VE4R95	LEI	Quilter Investors Monthly Income and	Other	Fund	Non-mutual		92.00%	100.00%	92.00%		Dominant	92.00%	Yes		Other method

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Country	*Identification code and type of code of the undertaking*	*Type of code of the ID of the undertaking*	*Legal Name of the undertaking*	*Type of undertaking*	*Legal form*	*Category (mutual/non-mutual)*	*Supervisory Authority*	*% capital share*	*% used for the establishment of consolidated accounts*	*% voting rights*	*Other criteria*	*Level of influence*	*Proportional share used for group solvency calculation*	*Yes/No*	*Date of decision if art. 214 is applied*	*Method used and under method 1, treatment of the undertaking*
C0010	**C0020**	**C0020**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0180**	**C0190**	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
			Growth Portfolio													
GB	213800T6SGV526FR4B59	LEI	Quilter Investors Monthly Income Portfolio	Other	Fund	Non-mutual		91.00%	100.00%	91.00%		Dominant	91.00%	Yes		Other method
GB	549300ONAX13EU46OE94	LEI	Quilter Investors Natural Resources Equity Fund	Other	Fund	Non-mutual		81.00%	100.00%	81.00%		Dominant	81.00%	Yes		Other method
GB	213800DMV82AXR986P24	LEI	Quilter Investors North American Equity Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
GB	213800IO1Y1TS3MQPB57	LEI	Quilter Investors Portfolio Management Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	549300LOMSKYZ613DT64	LEI	Quilter Investors Precious Metals Equity Fund	Other	Fund	Non-mutual		92.00%	100.00%	92.00%		Dominant	92.00%	Yes		Other method
GB	549300WYRK8RZE7Y2Q04	LEI	Quilter Investors Sterling Corporate Bond Fund	Other	Fund	Non-mutual		57.00%	100.00%	57.00%		Dominant	57.00%	Yes		Other method
GB	549300YX1MR6Q3YER771	LEI	Quilter Investors Sterling Diversified Bond Fund	Other	Fund	Non-mutual		96.00%	100.00%	96.00%		Dominant	96.00%	Yes		Other method
GB	213800DK3MLKROLL1O75	LEI	Quilter Investors UK Equity Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
GB	549300KKX1ENOGJHXV69	LEI	Quilter Investors UK Equity Growth Fund	Other	Fund	Non-mutual		85.00%	100.00%	85.00%		Dominant	85.00%	Yes		Other method
GB	213800FENW23PIZNAV69	LEI	Quilter Investors UK Equity Income Fund	Other	Fund	Non-mutual		73.00%	100.00%	73.00%		Dominant	73.00%	Yes		Other method
GB	549300T0VEIGPF2XMF38	LEI	Quilter Investors UK Equity Index Fund	Other	Fund	Non-mutual		58.00%	100.00%	58.00%		Dominant	58.00%	Yes		Other method
GB	549300VBVSCTTSZUBE06	LEI	Quilter Investors UK Equity Large-Cap Income Fund	Other	Fund	Non-mutual		85.00%	100.00%	85.00%		Dominant	85.00%	Yes		Other method

F.2.2.6 S.32.01.22 Undertakings in the scope of the Group

								Criteria of influence						*Inclusion in the scope of Group supervision*		*Group solvency calculation*
Country	*Identification code and type of code of the undertaking*	*Type of code of the ID of the undertaking*	*Legal Name of the undertaking*	*Type of undertaking*	*Legal form*	*Category (mutual/non-mutual)*	*Supervisory Authority*	*% capital share*	*% used for the establishment of consolidated accounts*	*% voting rights*	*Other criteria*	*Level of influence*	*Proportional share used for group solvency calculation*	*Yes/No*	*Date of decision if art. 214 is applied*	*Method used and under method 1, treatment of the undertaking*
C0010	**C0020**	**C0020**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0180**	**C0190**	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
GB	549300XGYV16P4XYOH92	LEI	Quilter Investors UK Equity Opportunities Fund	Other	Fund	Non-mutual		94.00%	100.00%	94.00%		Dominant	94.00%	Yes		Other method
GB	213800L6GT3LK76DBT75	LEI	Quilter Investors US Equity Growth Fund	Other	Fund	Non-mutual		82.00%	100.00%	82.00%		Dominant	82.00%	Yes		Other method
GB	213800DBMBIGM3NUHL50	LEI	Quilter Investors US Equity Income Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
GB	549300Y457SLHL73LD79	LEI	Quilter Investors US Equity Small/Mid-Cap Fund	Other	Fund	Non-mutual		86.00%	100.00%	86.00%		Dominant	86.00%	Yes		Other method
GB	54930092XIVK28RZGM95G B60787	SPECIFIC	Quilter Life & Pensions Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZGM95G B60788	SPECIFIC	Quilter Life Assurance Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	213800Q4SK2C38JS7737	LEI	Quilter Mortgage Planning Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60789	SPECIFIC	Quilter No1 Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZGM95G B60784	SPECIFIC	Quilter No3 Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	213800AEJPZ1HTRO3W19	LEI	Quilter Nominees Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60792	SPECIFIC	Quilter Pension Trustees Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZGM95	LEI	Quilter plc	Mixed financial holding company as defined in Article 212 (1)(h) of Directive 2009/138/EC	PLC	Non-mutual								Yes		Method 1: Full consolidation
GB	54930092XIVK28RZGM95G B60793	SPECIFIC	Quilter Private Client Advisers Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60794	SPECIFIC	Quilter UK Holdings Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	2138008CSNZIFM6YWE49	LEI	Quilter Wealth Limited	Credit institution,	Ltd	Non-mutual	Financial	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral

F.2.2.6 S.32.01.22 Undertakings in the scope of the Group

								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	*Identification code and type of code of the undertaking*	*Type of code of the ID of the undertaking*	*Legal Name of the undertaking*	*Type of undertaking*	*Legal form*	*Category (mutual/non-mutual)*	*Supervisory Authority*	*% capital share*	*% used for the establishment of consolidated accounts*	*% voting rights*	*Other criteria*	*Level of influence*	*Proportional share used for group solvency calculation*	*Yes/No*	*Date of decision if art. 214 is applied*	*Method used and under method 1, treatment of the undertaking*
C0010	**C0020**	**C0020**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0180**	**C0190**	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
				investment firm and financial institution			Conduct Authority									rules
GB	54930092XIVK28RZGM95G B60795	SPECIFIC	Quilter Wealth Solutions Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
SC	54930092XIVK28RZGM95S C60824	SPECIFIC	Reverades Holding Ltd	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
BS	894500R6CBCE90831T16	LEI	Rosco Bahamas Ltd.	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
SC	54930092XIVK28RZGM95S C60825	SPECIFIC	Rubyfield Investments Ltd	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
VG	54930092XIVK28RZGM95V G60830	SPECIFIC	Seaview Holdings Investment Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
VG	54930092XIVK28RZGM95V G60832	SPECIFIC	Sitori Trading Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
DE	54930092XIVK28RZGM95D E60380	SPECIFIC	Skandia Retail Europe Holding GmbH	Other	GmbH	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZGM95G B60796	SPECIFIC	Skandia UK Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
VG	549300VIVWQ3ZJVYMN28	LEI	South Surrey Investment & Finance S.A.	Other	SA	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
GB	54930092XIVK28RZGM95G B60625	SPECIFIC	The Falcon Group Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95G B60797	SPECIFIC	Think Synergy Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
IM	213800DXZCH5PN7DD638	LEI	Tissington Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
JE	549300R0CL7IPXBS9J80	LEI	Tixtan Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method
GB	54930092XIVK28RZGM95G B60798	SPECIFIC	Violet No.2 Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
VG	54930092XIVK28RZGM95V G60826	SPECIFIC	Volenda Finance Inc.	Other	Inc	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other method

Appendix F.3
Disclaimer

F.3 Disclaimer

This report may contain certain forward-looking statements with respect to certain of Quilter plc's plans and its current goals and expectations relating to its future financial condition, performance and results.

By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Quilter plc's control including amongst other things, international and global economic and business conditions, the implications and economic impact of the COVID-19 pandemic, the implications and economic impact of several scenarios of the UK's future relationship with the EU in relation to financial services, market related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing and impact of other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and other regulations in the jurisdictions in which Quilter plc and its affiliates operate. As a result, Quilter plc's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in Quilter plc's forward-looking statements.

Quilter plc undertakes no obligation to update the forward-looking statements contained in this report or any other forward-looking statements it may make.

Nothing in this report should be construed as a profit forecast.

Nothing in this report shall constitute an offer to sell or the solicitation of an offer to buy any securities.

Appendix F.4
Abbreviations and glossary

F.4 Abbreviations and glossary

ALM	Asset Liability Matching
AMSB	Administrative, Management or Supervisory Body
AP	Adjusted Profit
AuA	Assets under administration, which unless stated otherwise reflects gross AuA before intragroup eliminations
AuMA	Assets under management and administration
BRC	Board Risk Committee
CDG	Charles Derby Group
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIB	Collective Investment Bond
CIU	Collective Investment Undertakings
CMF	Capital Management Forum
COO	Chief Operating Officer
CRA	Collective Retirement Account
CRD IV	Capital Requirements Directive IV - an EU legislative package covering prudential rules for banks, building societies and investment firms
CRO	Chief Risk Officer
D&A	Deduction and Aggregation
DAC	Deferred Acquisition Costs
DTA	Deferred Tax Assets
DTL	Deferred Tax Liabilities
EEA	European Economic Area
EIOPA	European Insurance and Occupational Pensions Authority
EPIFP	Expected profit in future premiums
ERM	Enterprise Risk Management
EU	European Union
ExCo	Executive Committee
FCA	The UK Financial Conduct Authority
FRC	Financial Reporting Council
FSMA	Financial Services and Markets Act 2000
FVTPL	Fair Value Through Profit and Loss
GBP	British Pound Sterling
GDPR	General Data Protection Regulation
GGM	Group Governance Manual
GIA	Group Internal Audit
IA	Internal Audit
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
iNED	Independent Non-executive Director
ISA (UK)	International Standards on Auditing (UK)
IT	Information Technology
JSE	Johannesburg Stock Exchange
LACDT	Loss absorbing capacity of deferred taxes
LSE	London Stock Exchange
MCGSCR	Minimum Consolidated Group Solvency Capital Requirement
MCR	Minimum Capital Requirement under Solvency II
NCCF	Net Client Cash Flow
OMIP	Old Mutual Investment Platform - a collective term for OMWLP and OMWL which share certain governance arrangements. Old Mutual Wealth Life Assurance Limited was also part of OMIP until 31 December 2019.
OMWHL	Old Mutual Wealth Holdings Limited
OMWLP	Old Mutual Wealth Life & Pensions Limited

OpCo	Operating Committee
ORSA	Own Risk and Solvency Assessment
PRA	Prudential Regulation Authority
PTP	Platform Transformation Programme
PwC	PricewaterhouseCoopers LLP
QCL	Quilter Cheviot Limited
QFP	Quilter Financial Planning Limited
QLA	Quilter Life Assurance business (sold on 31 December 2019)
QPCA	Quilter Private Client Advisors Limited
QRT	Quantitative Reporting Template
QWS	Quilter Wealth Solutions
RCSA	Risk and Control Self-assessments
RemCo	Remuneration Committee
RPI	Retail Price Index
SCR	Solvency Capital Requirement
SFCR	Solvency and Financial Condition Report
SLT	Similar to Life Techniques
SMCR	Senior Managers and Certification Regime
SMF	Senior Manager Functions
SRAP	Strategic Risk Appetite Principles
TSA	Transitional Service Agreements

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